Stock Code: 8069

E INK HOLDINGS INC.

2022 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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I. Letter to Shareholders

To all shareholders:

2022 Business Report

In 2022, the global economy faced high uncertainty due to the turmoil in international situations, inflation causing economic recession, and extreme weather leading to climate disasters. Companies faced challenges in operations, manufacturing, and supply chain resilience in the highly uncertain macroeconomic environment. Although many general environment factors were unfavorable, E Ink's management team and staff made an all-out effort and delivered stellar business outcomes, setting an 11-year high with a consolidated revenue of NT$30.06 billion in 2022. E Ink reached a record high with the operating margin of 30.6%, profit margin of 33%, net income of NT$9.91 billion, and EPS of NT$8.69. We would like to especially thank our shareholders, directors, all E Ink colleagues, ecosystem partners, and customers for their support of the company.

Business and Operations Review

With the goal of pursuing profits and sustainability in tandem, E Ink reaped fruitful results in business, operations, and technology R&D in 2022:

- Consumer Electronics (CE) applications: Global brand customers continue to release color and large-sized eReaders and eNotes. Despite the tightening consumer market, sales of eReaders and eNotes maintained steady growth.

- IoT Applications: ePaper with its characteristics of continuous display without power consumption, non-emissive reflective display, and replacing disposable paper with digital displays, has the environmentally friendly features of low carbon and no light pollution. This has driven the active growth in products such as electronic shelf labels, ePaper bus stop signs, commercial and public display, healthcare signage, and logistics tags.

In terms of the development of color electronic paper technology, the full range of color electronic paper technology platforms are in place, allowing for diverse applications and meeting market demands in various fields. This enables the designs of products to better cater to the needs of customers by utilizing different color electronic paper technologies.

- E Ink Spectra™ 6: Based on the E Ink Spectra technology platform, it enhances color spectrum and advanced color imaging algorithms, offering full-color displays. It has a resolution of 200 PPI, a contrast ratio of 30:1, and operates within a temperature range of 0 to 50 degrees Celsius. It is suitable for in-store digital advertising or replacing paper printouts, including POP displays, signage, and posters.
- E Ink Kaleido™ 3 Outdoor: Built on the Print Color ePaper technology, this outdoor color printing electronic paper utilizes RGB color display principles, allowing the black and white electronic paper film to display rich colors, providing 4,096 colors and delivering a display effect similar to color-printed paper signs. Moreover, it is specifically designed for digital outdoor advertising signage applications and can operate within a temperature range of -15°C to 65°C. It can function properly in extremely cold or hot climates without the need

for expensive high-energy heating or cooling devices, reducing additional power consumption.

- E Ink Kaleido™ 3 print color ePaper: E Ink Kaleido™ 3 enhances color saturation, vividness, and visual clarity by optimizing the structural design of the ePaper module. It also features the ability to play animations and videos, making it suitable for devices that display rich image information. It can be used in smart education and digital reading devices.
- E Ink Gallery™ 3 Full-Color Electronic Paper: Significantly improves the page-turning speed of color images while maintaining the same performance as black and white electronic paper. It is suitable for displaying picture books, textbooks, magazines, and other color content, making it ideal for color e-book readers and electronic paper notebooks.
- E Ink Prism™ 3 Variable Color Electronic Paper: Unlike matrix-based color electronic paper technology, E Ink Prism™ 3 variable color electronic paper utilizes segment-based display technology. It possesses dynamic color-changing characteristics and offers 8 color options. Through programmable editing of color variation and pattern design, it can create rich and dynamic display surfaces. It is applicable to consumer electronics, fashion, automotive, residential, and other application fields.

In response to the diverse development of ePaper technology and the steady growth of product applications, E Ink announced the expansion of four ePaper material production lines from 2020 to 2021. Among them, three production lines have entered production in 2022, and the fourth production line will be put into mass production in the first half of 2023

In addition, E Ink has actively enhanced its research and development capabilities and has been recognized with multiple technology awards. E Ink Prism™ Variable Color Electronic Paper was awarded the Gold Award at the 31st Taiwan Excellence Awards. E Ink Spectra™ 3100 Plus received the Taiwan Excellence Award, and E Ink Spectra™ 3100 won the Smart Retail Award at the Taiwan Display Industry Association's Smart Display Application Awards. E Ink Gallery™ 3 received the Excellent Innovation Product Award from the Hsinchu Science Park, and its foldable characteristics earned it the Silver Award at the Display Innovation Awards by the Cross-Industry Cooperation Alliance for Smart Display Industry. The E Ink Driver IC with Dynamic and Interlaced Scan by AI Computing, an independently developed solution by E Ink Corporation, received the IC & Components category award at the 2022 Computex Best Choice Awards. The design of the wireless power supply device for electronic paper received the Bronze Award at the 2022 Taiwan Innovation Technology Expo. Furthermore, E Ink Spectra 6 received the 2023 Display Component Technology Award, and the batteryless color electronic paper received the 2023 Smart Display Application Award. These awards affirm E Ink Corporation's continuous innovation and dedication to the development of color electronic paper and related energy-saving and power-efficient electronic paper applications. Additionally, research from the Harvard School of Public Health has shown that electronic paper without blue light is not harmful to the eyes, and the inclusion of E Ink ComfortGaze™ front light technology makes it three times better for eye health compared to LCD screens.

Sustainable Development - E Ink PESG

E Ink firmly believes that environmental sustainability and corporate profitability are equally important missions. With the "product" of environmentally sustainable ePaper as its core, E Ink combines the "environment", "social", and "governance" aspects of ESG to create a unique "P, E, S, G" sustainability framework, and is fully implementing this framework comprehensively.

To promote sustainability efficiently and strengthen the governance and supervision of the results, E Ink's Board of Directors approved the establishment of the Sustainable Development Committee that functions at the board level. The scope of work includes creating environmentally friendly products, green manufacturing and climate change responses, employee development and occupational safety and health, corporate governance and ethical corporate management, developing sustainable supply chains, stakeholder communication and social inclusion, and operational risk and opportunity management.

E Ink PESG results in 2022 showed that in striving towards the two primary goals of Net Zero 2040 and RE100 2030, E Ink's global operations and sales locations have already reached the RE20 goal of using 20% renewable energy by December 2022. Among them, the US sites in Billerica, Fremont, and South Hadley, and offices in Tokyo, Japan, and Seoul, South Korea, have reached the RE100 goal of using 100% renewable energy.

In order to establish product carbon reduction targets, E Ink conducted a carbon footprint inventory of its ePaper modules in 2022. The investigation covered critical materials, raw material manufacturing, acquisition and transportation, and product manufacturing. The carbon footprint of each 6.8-inch e-reader module was found to be 3.30 kg CO_2e, while that of each 2.9-inch electronic shelf label was 0.59 kg CO_2e, as certified by the ISO 14067:2018 carbon footprint verification standard.

At the same time, E Ink actively participates in global sustainability initiatives and is committed to fulfilling them, including RE 100, EP 100, The Climate Pledge, and the Science Based Targets initiative (SBTi). We also use the TCFD framework to disclose the financial impacts of climate-related risks and opportunities. E Ink’s non-light emitting ePaper display technology is the world’s first to receive the Dark Sky certification from the International Dark-Sky Association. This certification attests that our ePaper causes no light pollution.

E Ink Corporation has been committed to long-term sustainability efforts. In addition to being selected as a component of the Dow Jones Sustainability World Index (DJSI-World) and Dow Jones Sustainability Emerging Markets Index (DJSI-EM) for the first time in 2022, and being included in the 2023 S&P Global Sustainability Yearbook with a top 10% rating and the Best Progress Award, it has also received several prestigious sustainability awards,including:

- Ranked among the Top 50 Corporate Citizen Award for sustainability by CommonWealth Magazine
- Recognized by the Taiwan Corporate Sustainability Awards (TCSA) for 6 consecutive years, winning the Most Prestigious Sustainability Award - Top 100 Sustainable Enterprises, a Corporate Sustainability Report Award – Electronic Information Manufacturing Industry - First Group Platinum Award, and a Sustainable Individual Performance Leader Award - Growth Through Innovation Leadership.
- Of the Taiwan Sustainability Action Awards (TSAA), the “eRead for the Future” eReader mobile library project received the SDG 4 Quality Education - Gold Award, the Diversified Green Energy Net Zero program received the SDG 7 Affordable and Clean Energy - Silver Award, and ePaper

Enabled Sustainable Operations of Retail Businesses received the SDG 12 Responsible Consumption - Bronze Award.

- Awarded the "Overall Performance Award" in the Electronics and Technology sector of the 2023 CommonWealth Magazine ESG Corporate Sustainability Awards.

People are gradually equating the E Ink brand to the generic term for ePaper. In 2022, E Ink secured the 24th spot in the list of Taiwan's most valuable international brands with a brand value of US$78 million for the first time. This recognition affirmed E Ink's global industry leadership image.

Moreover, E Ink has demonstrated outstanding achievements in technology innovation leadership, industry development driving force, and sustainable management. It was awarded the "Outstanding Innovative Enterprise" at the 8th National Industrial Innovation Award by the Ministry of Economic Affairs. This award recognizes E Ink's distinguished achievements resulting from the long-term investment in developing innovative ePaper technologies, management and development of the ePaper ecosystem, and driving shared prosperity and growth in the ePaper industry.

In terms of corporate governance, E Ink Corporation has stood out among 734 listed companies and ranked among the top 5% in the 9th Corporate Governance Evaluation announced by the Taiwan Stock Exchange. According to the latest credit rating report from China Credit Rating Co., Ltd., E Ink (8069) has been assigned a long-term issuer credit rating of "twA-" with a stable outlook. It is currently the only company in Taiwan's optoelectronic display industry to receive a long-term issuer credit rating of "twA-".

2023 Business Focus

The macroeconomic environment in 2023 will be highly uncertain. Given the ongoing turbulence in international politics and economy, the management team of E Ink will closely monitor market trends and maintain a cautious and steady approach to business operations to ensure steady growth for the company. In response to the challenges and opportunities in the environment and industry, the company will conform to the following guidance in business development, technology research and development, and operational management:

Business Development

- Consumer Electronics: E Ink Gallery™ 3 full-color ePaper has entered mass production. Many global brand customers will launch eReaders and eNotes that utilize our E Ink Gallery technology in 2023. Large-sized eReader and eNote products will also be released, driving steady growth in the consumer electronics ePaper products business.

- The European Union updated its energy labeling regulations in 2022, restricting the sales of 4K and above TVs starting from March 2023. This action shows that low-carbon, sustainable electronics will be mainstream trend in the future ePaper's ultra-power-saving and continuous display with no power consumption characteristics make it the best smart low-carbon display. The potential of ePaper utilization in the traffic and advertising signage markets is massive.

- The retail label and signage market will see more colorful products being launched, driving continuous growth in the market. IoT-related businesses will develop toward color and size variations. Large-size color digital signage fits healthcare, smart transportation, and smart factory needs, while small-size electronic labels will explore the demand of smart logistics and smart aviation, accumulating new growth momentum.

Technology Development

E Ink will focus on developing key technologies related to ePaper film and materials, color, flexibility, modules, and those needed by the ePaper ecosystem, including wireless power supply technologies, ePaper timing controller chips, and product reference designs, the four key areas. The company aims to establish a comprehensive layout of ePaper-related patented technologies and accelerate the commercialization of these technologies in the end market. In addition, the company will continue to improve and develop environmentally friendly, low-power-consumption technologies, such as reducing stacks, minimizing materials, and enhancing energy efficiency. By prioritizing carbon reduction, energy efficiency, recycling, and innovation, E Ink hopes to create products with a smaller carbon footprint.

Operations Management

In response to E Ink's 2040 Net Zero and 2030 RE 100 net-zero paths, the company will improve ePaper productivity, ensure smooth shipments, improve energy efficiency, reduce greenhouse gas emissions, and protect the environment from production waste to deepen the integration of low-carbon and green goals in the operations and manufacturing. At the same time, E Ink is committed to building a low-carbon supply chain, controlling and reducing sustainable development risks, increasing supply chain flexibility, and strengthening supply chain sustainability to create a value chain for the ePaper industry that can develop sustainably.

Outlook

E Ink will aggressively invest in ePaper technology development and innovation, as well as the business expansion of product applications, and continue to work with its ecosystem partners to enhance and develop the ePaper industry. By promoting the widespread use of ePaper, the world can reduce more carbon emissions, while also promoting the digital transformation and development of enterprises. With “E Ink, We Make Surfaces Smart and Green” as the brand vision, E Ink will seize opportunities in AIoT and sustainable development trends, use environmentally and visually friendly electronic paper, and promote the development of electronic paper in areas such as smart retail, smart transportation, and smart logistics. This will enable the company to continue making steady profits and taking big steps towards sustainable development.

Best regards

Chairman
Johnson Lee

II. Company Profile

2.1 Date of Incorporation: June 16, 1992

2.2 Company History

Established in June 16, 1992

September 2000	:	Production reached 18,000 boards per month.
October 2000	:	Public listing approved by Securities & Futures Institute ((89)Tai-Cai-Zheng (I) Letter No. 86989).
September 2001	:	Production expanded to 36,000 boards per month.
October 2001	:	Obtained ISO 9001 certification.
April 2002	:	Permission granted by MOEA Investment Commission to establish Transcend Optronics (Yangzhou) Co., Ltd. as an indirect investment in China through an investment business in a third region.
July 2002	:	Obtained QS-9000 (quality), ISO 14001 (environment) and OHSAS 1800 (safety and health) certifications.
February 2003	:	Officially listed as an Emerging Stock with Taipei Exchange on February 14.
October 2003	:	Applied for OTC trading with Taipei Exchange.
January 2004	:	Approved for OTC trading by Taipei Exchange.
March 2004	:	Officially listed on the Taipei Exchange on March 30.
November 2004	:	Permission granted by MOEA Investment Commission to establish Liqi Optronics (Yangzhou) Co., Ltd. as an indirect investment in China through an investment business in a third region.
May 2005	:	Acquired Philips' EPD business.
May 2006	:	Equity reduced by 296,000 shares after first buyback of treasury stocks.
October 2006	:	U.S. subsidiary established for building U.S. sales network.
May 2007	:	Technology and patent licensing agreement signed with Company A.
November 2007	:	MOU signed to acquire Korean panel maker BOE Hydis Technology Co., Ltd.
July 2008	:	Hydis Technologies Co., Ltd. shares were formally acquired on July 4.
June 2009	:	Signed contract with E Ink, an U.S. E-ink maker, and its shareholders' representative to acquire 100% of its company shares.
September 2009	:	Signed revised acquisition and share-swap contracts with E Ink, an U.S. E-ink maker, and its shareholders' representative. 100% share of E Ink was acquired on December 23 of the same year.
December 2009	:	Hydis subsidiary signed bond purchasing contract, collateral contract, investment contract, and cross-licensing contract with LG Display.
May 2010	:	Permission granted by MOEA Investment Commission to establish Transyang Electronics (Yangzhou) Co., Ltd. as an indirect investment in China through an investment business in a third region.
June 2010	:	Company name changed to E Ink Holdings Inc.
November 2010	:	New E Ink Pearl™ monochrome e-paper display recognized with "Best of What's New 2010" award by Popular Science (PopSci).
December 2010	:	Won award for printed electronics at 4th IDTechEx in the U.S.
January 2011	:	Permission granted by MOEA Investment Commission to establish Transmart Electronics (Yangzhou) Co., Ltd. as an indirect investment in China through an investment business in a third region.
March 2011	:	Resolution passed by the Board of Directors to make a second buyback of treasury stocks and transfer them to employees as part of the company's overall talent retention plan.
May 2011	:	E Ink Triton™ color e-paper display won "Gold Display Component of the Year" at the 2011 Display of the Year Awards (DYA) presented by the Society for Information Display (SID).
May 2011	:	Yuen-Yu Investment Co., Ltd. transferred business units that it manages but does not have direct ownership over to the newly established Kai-Yu Investment Co., Ltd. The move was intended to boost returns on investment through better delegation on investment management.
July 2011	:	Resolution passed by the Board of Directors to purchase TWD 1.5 billion in domestic unsecured convertible company bonds issued by Chunghwa Picture Tubes, Ltd. in a private offer to establish a strategic alliance between the two companies.
October 2011	:	E Ink Triton™ color e-paper display presented with "Innovation of the Year Award" for 2011 by the *Wall Street Journal*.
October 2011	:	Purchased USD 30,500,000 in newly issued Hydis corporate bonds to strengthen the financial structure of Hydis and replenish its operating funds.
November 2011	:	E Ink Pearl™ e-paper display recognized as "Innovation of the Year" by the U.K. Institute of Engineering and Technology (IET).

November 2011	:	Reached agreement with LG Display to terminate investment contract related to Hydis. Hydis also agreed to redeem corporate bonds held by LG Display ahead of time and end the guarantee contracted linked to said corporate bonds.
June 2012	:	E Ink's next-generation high-efficiency e-paper display recognized at "15th Outstanding Photonics Product Awards" presented by PIDA.
June 2012	:	High contrast E Ink Pearl™ e-paper display presented with "Outstanding Component Award" at the "11th Gold Panel Awards" presented by the MOEA Industrial Development Bureau.
July 2012	:	Korean subsidiary Hydis Technologies Co., Ltd. signed patent cross-licensing agreement with Company B.
October 2012	:	Korean subsidiary Hydis Technologies Co., Ltd. signed patent cross-licensing agreement with Company C.
November 2012	:	Acquired shares in SiPix Technology, Inc. to expand the breadth and depth of E Ink's e-paper patent portfolio.
December 2012	:	Korean subsidiary Hydis Technologies Co., Ltd. signed patent cross-licensing agreement with Company D.
January 2013	:	Resolution passed by the Board of Directors to purchase the Linkou factory and equipment of SiPix Technology, Inc. subsidiary in order to consolidate the production operations of E Ink Group in Taiwan and improve return on assets.
May 2013	:	E Ink ™ tri-color e-paper display received "Gold Display Component of the Year" at the 2013 Display of the Year Awards (DYA) presented by the Society for Information Display (SID).
June 2013	:	E Ink Triton™ full-effect color e-paper display recognized at "16th Outstanding Photonics Product Awards" presented by the Photonics Industry & Technology Development Association (PIDA).
November 2013	:	Korean subsidiary Hydis Technologies Co., Ltd. signed patent cross-licensing agreement with Company E.
April 2014	:	Korean subsidiary Hydis Technologies Co., Ltd. signed patent cross-licensing agreement with Company F.
June 2014	:	E Ink ™ tri-color e-paper display recognized at "17th Outstanding Photonics Product Awards" presented by PIDA.
2014 December	:	Presented with "SEMI Standards Contribution Award" by SEMI Taiwan.
January 2015	:	Announcement of E Ink Prism™ color-changing e-paper technology.
August 2015	:	Wirelessly powered e-paper display won the "Outstanding Technology Award" at the "14th Gold Panel Awards" presented by Taiwan Display Union Association (TDUA).
December 2015	:	Korean subsidiary Hydis Technologies Co., Ltd. signed patent cross-licensing agreement with Company G.
April 2016	:	E Ink ™ tri-color e-paper display presented with Gold Award at the "Taiwan Excellence Awards" hosted by the MOEA.
May 2016	:	Advanced Color e-Paper (ACeP) technology received "Gold Display Component of the Year" at the 2016 Display of the Year Awards (DYA) presented by the Society for Information Display (SID).
June 2016	:	Resolution passed by the Board of Directors to make a third buyback of treasury stock and transfer them to employees as part of the company's overall talent retention plan.
July 2016	:	Subsidiary Yuen-Yu Investment Co., Ltd. acquired Kai-Yu Investment Co., Ltd. to consolidate company resources and streamline the company structure.
September 2016	:	Korean subsidiary Hydis Technologies Co., Ltd. signed patent cross-licensing agreement with Company H.
November 2016	:	E Ink signed MOU on strategic cooperation with Company I.
December 2016	:	E Ink presented with the Green Energy Appreciation Award by the Ministry of Economic Affairs of the Republic of China (Taiwan).
February 2017	:	32" color e-paper displays presented with Gold Award at the "Taiwan Excellence Awards" by the MOEA.
April 2017	:	Linfiny Corporation established by E Ink as a joint venture on e-paper displays with SONY Semiconductor.
September 2017	:	6.1" non-geometric wrappable wearable e-paper display won the "Outstanding Product Award" at the "2017 Gold Panel Awards" presented by Taiwan Display Union Association (TDUA).
October 2017	:	E Ink has won the Asia IP Elite award from Intellectual Asset Management, a world-renowned IP industry magazine, for 3 consecutive years since 2015.
November 2017	:	E Ink's "2016 Corporate Social Responsibility Report" was recognized at the "2017 Taiwan Corporate Sustainability Awards" held by Taiwan Academy of Corporate Sustainability with a gold award in the IT & IC manufacturing industry category.
May 2018	:	E Ink formed strategic partnership with the French company SES-imagotag.
2018 August	:	Advanced Color ePaper (ACeP) won the "Outstanding Technology Award" at the "2018 Gold Panel Awards" presented by Taiwan Display Union Association (TDUA).
November 2018	:	E Ink was recognized with three awards at the 2018 Taiwan Corporate Sustainability Awards held by Taiwan Academy of Corporate Sustainability, these being the "Top 50 Corporate Sustainability Award", "Corporate Sustainability Report Awards - Gold Award" and "Social Inclusion Award."
November 2018	:	US plant joined the United Nations Global Compact (UNGC), the largest enterprise sustainability advocacy organization in the world, on the basis of its commitment to sustainability and outstanding performance.
May 2019	:	E Ink Hardware TCON T1000 presented with COMPUTEX Best Choice Award by the Taipei Computer Association.
June 2019	:	Yuanhan Materials was acquired by Yuen-Yu Investment Co., Ltd., an E Ink subsidiary, and name changed to Yuanhan Materials Inc.
October 2019	:	SiPix was acquired by E Ink subsidiary Yuanhan Materials to streamline the organization of the E Ink Group and improve the operating efficiency of the subsidiary.

October 2019	:	Presented with the 5th "Taiwan Mittelstand Award" by the Industrial Development Bureau, Ministry of Economic Affairs.
November 2019	:	“Wireless Power e-Paper Display” presented with Gold Award at the "Taiwan Excellence Awards" by the MOEA.
November 2019	:	E Ink was recognized at the Taiwan Corporate Sustainability Awards hosted by the Taiwan Institute for Sustainable Energy for the third consecutive year by winning four awards: “Top 50 Corporate Sustainability Award,” “Corporate sustainability Report Awards - IT & IC Manufacturing” (Gold award),” “Best Performance in a Specific Category - Social Inclusion Award,” and “Best Performance in a Specific Category - Growth through Innovation Award.”
December 2019	:	E Ink Kaleido™ Print Color Technology unveiled by E Ink in a bid to expand smart applications for color e-paper.
2020 November	:	Advanced Color ePaper Display System (E Ink Gallery) presented with the “Taiwan Excellence Gold Award” by the Ministry of Economic Affairs, R.O.C.
2020 November	:	E Ink was recognized for the 4th year at the Taiwan Corporate Sustainability Awards organized by the Taiwan Institute for Sustainable Energy. TCSA Awards received in 2020 included “TCSA 2020 Corporate Sustainability Report Award – the Gold Award in Electronics Manufacturing Industry,” “Taiwan Enterprise Sustainability Excellence Award,” “Best Practice Award - Social Inclusion Award,” and “Best Practice Award - Growth through Innovation Award.”
December 2020	:	E Ink Kaleido™ print color technology included by *Popular Science* magazine in the US as one of “The 100 greatest innovations of 2020.”
December 2020	:	The E Ink MeeNote (Mobile Expandable ePaper Notebook) developed by E Ink was presented with the “Hsinchu Science Park Innovation Product Award.”
December 2020	:	Plans to increase e-paper production at Hsinchu plant to meet market demand passed by the Board of Directors.
March 2021	:	Plans to increase e-paper production at Hsinchu plant to meet market demand passed by the Board of Directors.
March 2021	:	E Ink ™ Plus, the latest generation of the print color technology, announced.
April 2021	:	E Ink ™ 3100 four-color e-paper technology (black, white, red and yellow) announced.
May 2021	:	E Ink Corporation, a E Ink subsidiary, obtained share in Nuclera Nucleics Ltd. in exchange for investment of digital microfluidic technology.
June 2021	:	Subsidiary Transcend Optronics invested in the construction of a new factory develop its business in upstream materials for e-paper modules.
July 2021	:	E Ink Spectra 3100™ SoC presented with “2021 Computex Best Choice Award - IC & Components” award.
September 2021	:	Presented with Asia Responsible Enterprise Awards (AREA) for “Investment in People” and “Green Leadership” by Enterprise Asia.
September 2021	:	Recognized as one of the “Best Companies to Work for in Asia 2021” by *HR Asia*, the leading international human resources periodical.
October 2021	:	E Ink Kaleido™ Plus color e-ink display module obtained Paper Like Display Quality-mark and China-mark certifications from TÜV Rheinland, the international testing and inspection body.
October 2021	:	Signed “TCFD Supporter” statement committing to voluntary climate-related financial disclosures.
November 2021	:	E Ink Kaleido™ Plus print color technology presented with the 30th Taiwan Excellence Silver Award.
November 2021	:	E Ink’s ESG performance was recognized at the “Taiwan Corporate sustainability Awards” for the 5th consecutive year. Awards received included “TCSA 2021 Corporate Sustainability Report Award”, “Best Practice Award - Growth through Innovation Award”, and “Corporate Sustainability Report Award - Gold Award in IT & IC Manufacturing.”
November 2021	:	Expansion of production capacity for e-ink materials by subsidiary E Ink Corporation.
November 2021	:	Recognized with 2021 Best Taiwan Global Brands: Honorable Mention by the MOEA Industrial Development Bureau.
December 2021	:	Battery-less e-paper smart credit card presented with Hsinchu Science Park Innovation Product Award.
December 2021	:	Completed Taiwan Intellectual Property Management System (TIPS) certification to strengthen the protection and management of R&D patents.
February 2022	:	Included in the MSCI Global Standard Indexes (Asia-Pacific/Taiwan).
February 2022	:	Ranked in the Top 10% for Global Electronic Equipment, Instruments & Components by the 2021 S&P Global Corporate Sustainability Assessment and included in the 2022 S&P Sustainability Yearbook.
February 2022	:	E-paper became the first display technology in the world to be certified by the International Dark Sky Association (IDA).
February 2022	:	Set carbon reduction targets and net zero carbon emissions in line with the 1.5°C scenario of the Science Based Targets Initiative (SBTi).
February 2022	:	Joined the “Race to Zero Campaign” launched by the United Nations Framework Convention on Climate Change (UNFCCC) to advocate for net zero carbon emissions by 2050. The Company is committed to reach net zero by 2040.
March 2022	:	Announcement of E Ink Gallery™ Plus, the latest generation of the full color ePaper module.
March 2022	:	Became the first display maker in the world to join “The Climate Pledge” initiative and committed to achieving net zero by 2040.
March 2022	:	Joined the “RE100” global renewable energy initiative committing to realizing 100% renewable energy by 2050. E Ink has committed to realizing 100% renewable energy by 2030 and was the first display maker to commit to achieving 10% renewable energy by 2022.

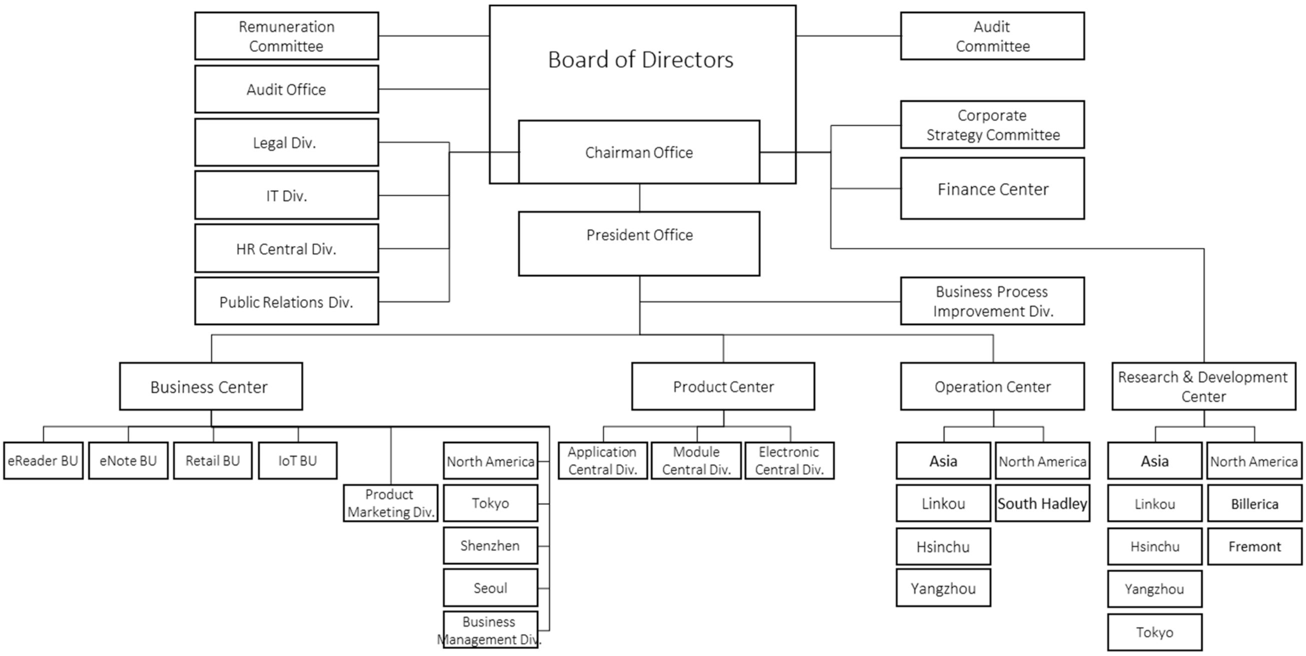
April 2022	:	Announcement of the latest E Ink Kaleido™ 3 print color ePaper technology, E Ink Spectra™ 3100 Plus 5-color ePaper (black, white, red, yellow and orange) and E Ink Gallery™ 3 color ePaper technology.
April 2022	:	E Ink Spectra™ 3100 four-color e-paper display presented Smart Retail Award at the Smart Display Application Awards.
May 2022	:	E Ink Driver IC with Dynamic and Interlaced Scan by AI Computing presented with the "2022 Computex Best Choice Award - IC & Components" award.
May 2022	:	Named one of the 2022 Climate Leaders Asia-Pacific by the *Financial Times* and *Nikkei Asia*.
July 2022	:	Presented with the Asia Responsible Enterprise Awards (AREA) for "Green Leadership", "Social Empowerment" and "Corporate Sustainability Reporting" by Enterprise Asia.
August 2022	:	Issued with the first Product Carbon Footprint Certification for e-paper module and electronic shelf label (Product carbon footprint certification based on ISO 14067:2018 international standard obtained by 6.8" e-reader module and 2.9" ESL module).
August 2022	:	Presented with the "Taiwan Sustainability Action Awards" Gold Award - eRead for the Future (SDG 4 Quality Education), Silver Award - Diversified Renewable Energy Leads to Net Zero (SDG 7 Affordable Energy), and Bronze Award - Sustainable Paper Enables Smart & Green Retail (SDG 12 Responsible Consumption) by the Taiwan Institute for Sustainable Energy (TAISE).
August 2022	:	Recognized as one of the "Best Companies to Work for in Asia 2022" by *HR Asia*, the leading international human resources periodical, and presented with the "WeCare™ – HR Asia Most Caring Company Award."
2022 September	:	Named one of the Excellence in Corporate Social Responsible Top 100 companies by the *Commonwealth* magazine (No.49 in Large Companies)
October 2022	:	Foldable color e-paper technology won the SDIA Silver Award.
October 2022	:	Batteryless color e-paper device won the Invention Contest - Bronze Medal at the Taiwan Innotech Expo.
2022 November	:	Ranked No. 24 in the Best Taiwan Global Brands by the MOEA Industrial Development Bureau (brand value of USD 78 million).
2022 November	:	Presented with the "Top 100 Taiwan Enterprise Sustainability Excellence Award", "Platinum Award of Corporate Sustainability Reports", and "Growth Through Innovation Award" at the 2022 Taiwan Corporate Sustainability Awards
2022 November	:	E Ink and subsidiary Yuanhan Materials participated in the private investment of Integrated Solutions Technology, Inc (ISTI).
December 2022	:	E Ink Prism™ presented with the Taiwan Excellence Awards - Gold Award; E Ink Spectra™ 3100 Plus presented with the Taiwan Excellence Award.
December 2022	:	Presented with the Cybersecurity Excellence Award by the Taiwan Panel and Solution Association (TPSA).
December 2022	:	Recognized as an "Outstanding Enterprise for Disclosure of Occupational Health and Safety Indicators in Corporate Sustainability Reporting" by the Occupational Safety and Health Administration, Ministry of Labor.
December 2022	:	E Ink Gallery 3 presented with the Hsinchu Science Park Innovation Product Award.
December 2022	:	Announced that the RE20 indicator has been achieved early (previously target was to achieve 10% renewable energy use (RE10) by 2022).
December 2022	:	Chosen as a constituent stock for both Dow Jones "Sustainability World" and "Sustainability Emerging Market" indices.
February 2023	:	First-time inclusion in the 2023 S&P Global Sustainability Yearbook, ranked in the top 10% of companies and awarded the Best Progress Award.
March 2023	:	Received three major awards at the 2022 Asian Sustainability Reporting Awards, including the Silver Award for "Best Supply Chain Report," Silver Award for "Best Diversity Report," and Bronze Award for "Best Environmental Impact Report."
March 2023	:	A study conducted by the Harvard School of Public Health suggests that electronic paper (e-paper) does not emit harmful blue light, making it less likely to cause eye strain compared to LCD screens. Furthermore, when combined with E Ink ComfortGaze™ front light technology, e-paper is found to be three times better for eye health than LCD screens.
April 2023	:	Introduced the revolutionary E Ink Spectra™ 6, a new color electronic paper replacing traditional paper signs.
April 2023	:	Launched E Ink Kaleido™ 3 Outdoor, a color printing electronic paper technology that provides the best low-carbon display solution for outdoor public message boards.
April 2023	:	E Ink Spectra 6 received the Display Component Technology Award, and battery-free color electronic paper received the Smart Display Application Award.
April 2023	:	Chairman Johnson Lee was awarded the 2023 Pan Wen Yuan Foundation ERSO Award.
April 2023	:	Ranked among the top 5% of listed companies in the 9th Corporate Governance Evaluation.
May 2023	:	Received the 2023 CommonWealth ESG Corporate Sustainability Award in the Electronic Technology category, winning the "Comprehensive Performance Award."
May 2023	:	Honored with the "Outstanding Innovation Enterprise" award at the 8th National Industrial Innovation Awards.
May 2023	:	Confirmed by China Credit Rating Co., Ltd. to have a long-term issuer credit rating of "twA-". It is the only company in Taiwan's optoelectronic display industry to receive a long-term issuer credit rating of "twA-".

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart

2023.04.01



3.1.2 Major Corporate Functions

- **Chairman's Office (including the Business Strategy Committee, Legal Division, IT Division, HR Central Division, Public Relations and Marketing Division, Research & Development Center, Finance Center, President's Office, and subordinate units)**
  - ✓ Internal management: Planning and execution of internal controls, general legal affairs, planning and management of document controls, IT planning, and master planning of company finances.
  - ✓ External relationships: Building of the company's external image and liaising with the media, as well as overall planning and execution of international exhibitions, product promotion activities and other public relations matters.
  - ✓ Business planning: Planning of the company's business strategy and targets, delegating the President to carry out Board resolutions, planning and execution of human resource affairs, IT planning and introduction of new information technologies, and overseeing the direction of product R&D.

- **President's Office (includes the Business Center, Product Center, Operations Center and Business Process Improvement Division)**
  - ✓ Responsible for leading the company's Operation Center, Product Center, Operations Center, subsidiaries as well as providing coordination and direction.
  - ✓ Lead the overall business development and decision-making of the Company, the implementation of policies and evaluations, and the development of operating rules.

- **Business Center (includes eReader BU, eNote BU, Retail BU, Internet of Things (IoT) BU, Product Marketing Division, and Business Management Division)**
  - ✓ Business planning: In charge of global business management and strategic direction, overseeing global product planning and strategic direction, and formulation of product road maps.
  - ✓ Business execution: Coordinate with the product application engineering department to provide customers with an efficient product development timetable, and shorten customer development times; achieve the company's sales targets, planning and building of eco-systems for new company products and markets.

- **Research and Development Center (includes R&D center and five laboratories in Asia and North America)**
  - ✓ Responsible for developing breakthroughs in technology, expanding the scope of application, and making continuous improvements to ePaper products.
  - ✓ The scope of work includes types of ePaper, patent portfolio management, prototype panel design, new production technology, metrology, platform development and module production technology, as well as the introduction of key materials, parts and components.

- **Product Center (includes the Application Central Division, Module Central Division, and Electronic Central Division)**
  - ✓ Responsible for the development off CE/IoT products.
  - ✓ IC development.
  - ✓ Technologies relating to panel development, driver waveform, touch control design, front light, module production process, and system development. It also assists BUs with preparing for mass production and solving customer problems.

- **Operation Center (Asia and North America Operation Centers)**
  - ✓ Integrated planning of global production sites, process integration and capacity expansion, and maximizing synergies from the effective utilization of resources.
  - ✓ Planning and purchasing of raw materials, equipment and construction required by products.
  - ✓ Planning of raw material requirements, bond and logistics management.
  - ✓ Quality and reliability assurance of materials/products.
  - ✓ Management and execution of production plans.
  - ✓ Responsibility for the planning and execution of product process analysis and production management during the production process.

- **Finance Center (Accounting Division, Finance Division, Sustainable Development Department, Public Relations Division)**
  - ✓ Account keeping and control.
  - ✓ Analysis of capital utilization and investment projects.
  - ✓ Sustainability management.
  - ✓ Planning and execution of public relations affairs.

3.2 Directors, Supervisors and Management Team

3.2.1 Directors and Supervisors

2023/5/1

Title	Nationality/ Country of Origin	Name	Gender Age	Date Elected	Term (Year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	ROC	Aidatek Electronics Inc.	NA	109.06.18	3	103.06.18	100,000	0.01%	240,000	0.02%	0	0.00%	0	0.00%	NA	無	None	None	None	None
Director	ROC	Johnson Lee, Representative of Aidatek Electronics Inc.	M 41~50years old	109.06.18	3	97.06.13	623,040	0.05%	823,040	0.07%	14,647,000	1.28%	667,000	0.06%	Bachelor of Economics and Electrical Engineering from Tufts University, USA.	Chairman, E Ink Holdings Inc. Chairman / Director , Affiliated Parties of EIH Chairman,Chengchi Investment Co., Ltd. Director,Macroblock Digital Technology Co., Ltd. Director,Integrated Solutions Technology, Inc.. Director, Jixin Investment Co., Ltd. Observer Director at SES Imagotag SA.	Director	S.C. Ho	Son in law	None
Director	ROC	S.C. Ho, Representative of Aidatek Electronics Inc.	M over 70years old	109.06.18	3	91.06.20	80,434,300	7.05%	80,434,300	7.05%	0	0.00%	0	0.00%	Master of Science in Mechanical Engineering from the University of Wisconsin, USA.	Director, E Ink Holdings Inc. Director, E Ink Corporation Director, YFY Jupiter(BVI)Inc. Director, TaiGen Biotechnology Co., Ltd. Director, TaiGen Biopharmaceuticals Holdings Limited Director, China Color Printing Co., Ltd. Director, Yuen Foong Yu Biotech Co., Ltd. Director, Shen's Art Printing Co., Ltd. Director, YFY Biotech Management Company Managing Director, China Investment and Development Co., Ltd. Director,YFY Packaging (Yangzhou) Investment Co., Ltd. Director, YFY Japan Co., Ltd. Director, Hsinex International Corp. Director, Taitung Enterprise Corp. Director, Shin-Yi Enterprise Co., Ltd. Chairman, Shin-Yi Investment Co., Ltd. Director, Shin-Yi Recreation Co., Ltd. Director, Ru Yi Enterprise Co., Ltd. Director, Xing Yuan Investment Co., Ltd. Director, Yuen Foong Co., Ltd. Chairman, Yuen Foong Paper Co., Ltd. Chairman, Yuen Shin Yi Enterprise Co., Ltd. Director, Yong-An Leasing Co., Ltd. Director, Y F Chemical Corp. Chairman, Fu Hwa Enterprise Co., Ltd. Director, HuaDong Industrial Co., Ltd. Director, Synmax Biochemical Co., Ltd Director, Hsin Yi Holding Company Director, Hsin Yi Foundation Director, Shang Shan Human Culture Foundation Director, Liver Disease Prevention & Treatment Research Foundation Director, Yuan T. Lee Foundation Science Education for All	Director Director	Felix Ho Johnson Lee	Father Father in law	None

Title	Nationality/ Country of Origin	Name	Gender Age	Date Elected	Term (Year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
																Director, Foundation for the Advancement of Outstanding Scholarship.				
Director	ROC	Felix Ho, Representative of Aidatek Electronics Inc.	M 41~50years old	109.06.18	3	91.06.20	10,095,435	0.89%	10,095,435	0.89%	0	0.00%	0	0.00%	Master of Finance from MIT Sloan School of Management,USA.	Director, E Ink Holdings Inc. Director, Jupiter Prestige Group Holding Limited Chairman, YFY Jupiter (BVI) Inc. Director, YFY Biopulp Technology Ltd. Director,YFY RFID Co. Limited Chairman, YFY Consumer Products Co., Ltd. Chairman, YFY Investment Co., Ltd. Chairman,Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd. Chairman, Yuen Foong Yu Family Care (Kunshan) Co., Ltd. Chairman, Ever Growing Agriculture Bio-tech Co., Ltd Chairman, Yuen Foong Shop Co., Ltd. Director, YFY Consumer Products, Co. Director, Livebricks Inc. Director, Yuen Foong Yu Consumer Products Investment Ltd. Director, eCrowd Media Inc. Chairman, Arizon RFID Technology Co., Ltd. Director, Arizon Japan Co., Ltd. Chairman, Arizon RFID Technology (Cayman) Co., Ltd. Director, YFY Japan Co., Ltd. Director, Shin-Yi Enterprise Co., Ltd. Director, Yuen Foong Paper Co., Ltd. Chairman, Yuen Foong Co., Ltd. Director, Fu Hwa Enterprise Co., Ltd. Director, Cheng Yu Co., Ltd. Director, Aidatek Electronics, Inc. Independent Director, Universal Cement Corporation Supervisor, The Eisenhower Fellows Association in the Republic of China Chairman, Epoch Foundation Director, Monte Jade Taiwan Science & Tech Association Chairman, Association of Corporate Patent Executives	Director	S.C. Ho	Son	None
Director	ROC	Shin-Yi Enterprise Co., Ltd.	NA	109.06.18	3	109.06.18	32,842,345	2.88%	32,842,345	2.88%	0	0.00%	0	0.00%	NA	None	None	None	None	None
Director	ROC	FY Gan, Representative of Shin-Yi Enterprise Co., Ltd.	M 51~60years old	109.06.18	3	106.06.20	880,000	0.08%	580,000	0.05%	500,000	0.04%	0	0.00%	Ph.D. in Electrical Engineering from McGill University, Canada.	General manager, E Ink Holdings Inc. Director / General manager, Affiliated Parties of EIH Director, PLASTIC LOGIC HK LIMITED Independent director,PlayNitride Inc.	None	None	None	None
Director	ROC	CC Tsai, Representative of Shin-Yi Enterprise Co., Ltd.	F over 70years old	109.06.18	3	97.06.13	233,788	0.02%	333,788	0.03%	0	0.00%	0	0.00%	Professor of Department of Photonics and Institute of Display Technology at National Chiao Tung	Director, E Ink Holdings Inc. Director ,AU Optronics Corporation.	None	None	None	None

Title	Nationality/ Country of Origin	Name	Gender Age	Date Elected	Term (Year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
															University./Senior Vice President of Guanghui Electronics Co., Ltd./Ph.D. from the University of Chicago, USA.					
Director	ROC	Luke Chen, Representative of Shin-Yi Enterprise Co., Ltd.	M 51~60years old	109.06.18	3	108.09.09	336,000	0.03%	286,000	0.03%	150,600	0.01%	0	0.00%	Master of Science in Electrical Engineering and Industrial Engineering from New Mexico State University, USA.	Executive Vice President, E Ink Holdings Inc. Director/Chairman , Affiliated Parties of EIH	None	None	None	None
Independent director	ROC	Po-Young Chu	M 61~70years old	109.06.18	3	108.06.18	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. from Purdue University, USA/Professor of Department of Management Science at National Chiao Tung University.	Independent Director of China Steel Corporation. Independent Director of Pegatron Corporation. Director of Lite-On Technology Corporation. Chairman of Neo Solar Power Corporation.	None	None	None	None
Independent director	ROC	Donald Chang	M 61~70years old	109.06.18	3	109.06.18	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Chemical Engineering from Chinese Culture University.	Independent Director of China Pulp and Paper Corporation. Director of Advantech Co., Ltd.	None	None	None	None
Independent director	ROC	Shi-Chern Yen	M 61~70years old	109.06.18	3	109.06.18	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. in Chemical Engineering from the University of Wisconsin.	Independent Director of Tatung Company.	None	None	None	None

3.2.2 Professional qualifications and independence analysis of directors and supervisors

1. Directors'/supervisors' expertise and independent directors' independence:

December 31, 2022

Criteria / Name	Professional qualification and experience (Note 1)	Independence criteria (Note 2)	Number of positions as independent director in other public companies
Aidatek Electronics, Inc. Representative: Johnson Lee	Work experience in commerce, law, finance and banking, accounting or necessary for company operation.		0
Aidatek Electronics, Inc. Representative: S.C. Ho	Work experience in commerce, law, finance and banking, accounting or necessary for company operation.		0
Aidatek Electronics, Inc. Representative: Felix Ho	Work experience in commerce, law, finance and banking, accounting or necessary for company operation.		1
Hsin Yi Enterprise Co., Ltd. Representative: FY Gan	Work experience in commerce, law, finance and banking, accounting or necessary for company operation.		1
Hsin Yi Enterprise Co., Ltd. Representative: Luke Chen	Work experience in commerce, law, finance and banking, accounting or necessary for company operation.		0
Hsin Yi Enterprise Co., Ltd. Representative: Chuan-Chuan Tsai	Work experience in commerce, law, finance and banking, accounting or necessary for company operation.		0
Independent Director Po-Young Chu	Experience as lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the Company's operations in a public or private tertiary institution	(1) Having satisfied the independence criteria mentioned in Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. (2) A statement of conformity with professional eligibility, independence, and concurrent duties for independent director was signed at the time elected.	2
Independent Director Donald Chang	Work experience in commerce, law, finance and banking, accounting or necessary for company operation.	(1) Having satisfied the independence criteria mentioned in Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. (2) A statement of conformity with professional eligibility, independence, and concurrent duties for independent director was signed at the time elected.	1
Independent Director Shi-Chern Yen	Experience as lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the Company's operations in a public or private tertiary institution	(1) Having satisfied the independence criteria mentioned in Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. (2) A statement of conformity with professional eligibility, independence, and concurrent duties for independent director was signed at the time elected.	1

Note 1: Please refer to Section 3.2.1 for directors' academic backgrounds and career experiences. None of the Company's directors exhibited any of the conditions described in Article 30 of The Company Act.

Note 2: For independent directors, describe compliance with the independence criteria, including but not limited to: whether they themselves or spouse or 2nd-degree relatives or closer serve as director, supervisor, or employee at the Company or any of its affiliated enterprises; the number and percentage of shareholding in the Company by self, spouse, 2nd-degree relative or closer (or proxy holder); whether they assume position as director, supervisor, or employee in any entity that the Company has special relationship with (see Subparagraphs 5-8, Paragraph 1, Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and amount of compensation received from the Company or affiliated enterprises thereof in the last 2 years for commercial, legal, financial, or accounting services rendered.

2. Diversity and independence of the board of directors:

(1) Board diversity: describe diversity policy and goals for the board of directors, and the enforcement progress. Diversity policy may include but is not limited to the director selection criteria, the level of professional quality and experience the board shall possess as a whole, and gender/age/nationality/culture distribution. Please also explain the Company's goals and progress with respect to the above policy.

i. Board Diversity Policy and Goals

The Company has established a diversity policy for the Board of Directors. The "Corporate Governance Best Practices" recommend that no more than one-third of the Board of Directors should also hold concurrent management positions with the Company. Due to the unique requirements of the Company as the leader in e-paper technology and sales, at least one director should have a corporate background in diverse fields such as finance, investment, chemical engineering, sustainability and environmental protection, sales, business management, and marketing. Other directors and independent directors should also have a background in materials research, manufacturing management and technology R&D in order to match the Company's requirements in display technology, electronic products, electronic materials, and chemical engineering & manufacturing. There should also be diversity in the ages of directors so that they encompass every group from old to middle-aged and young. The Board can then draw on the experience of the directors and ensure that their experience can be passed on. The Company also drew on the practical experience of directors that held senior executive roles in transnational enterprises, or experts and academics in the field. Their insights on the industry, government, universities and research will help them lead the collective growth of the Company. This will not only facilitate cutting-edge research and business expansion by the Company but also enable a multi-pronged approach to the realization of Board diversification.

Board Diversity Policy and goals			
Current phase	2023 Short-term goals	2025 Medium-term goals	2030 Long-term goals
1. Independent directors make up 33% of the board. 2. Increase ratio of female board directors to 11% 3. Other management goals of the board diversity policy as described above.	1. Independent directors make up 40% of the board. 2. Increase ratio of female board directors to 20% 3. Other management goals of the board diversity policy as described above.	1. Independent directors make up 40% of the board. 2. Increase ratio of female board directors to 25% 3. Other management goals of the board diversity policy as described above.	1. Independent directors make up 50% of the board. 2. Increase ratio of female board directors to 40% 3. Other management goals of the board diversity policy as described above.

ii. Progress on diversity: Composition, percentage, and term of service of board members have conformed with the diversity policy and goals

The E Ink "Directors Election Policy" explicitly state that the election of directors is to use the nomination system. The qualifications of candidates are to be assessed in accordance with the "Corporate Governance Best Practice Principles" as well. The directors will ultimately be elected by the shareholders' meeting from the list of candidates. The 9 existing members of the Board were elected by the shareholders' meeting in 2020. These included 3 independent directors and 1 female director. The average age is 62. Directors serve a statutory term of 3 years. The current term runs from June 18, 2020, through to June 17, 2023. Elections for the full board will therefore be held once their term expires in 2023.

Progress of the 11th Board	Planned progress after election of the 12th Board
The 11th E Ink Board was made up of 9 directors including 3 independent directors (33%); there was 1 female director (11%), All directors possess extensive experience and expertise in related fields. (Outlined in the background information on Board diversity) The directors have served on average 8.3 years. None of the independent directors had served more than 3 terms consecutively. → The goals for the current phase of the diversity policy set by the Company have been achieved.	The 12th Board was made up of 7 directors including 3 independent directors (43%); there were 2 female directors (28.57%), All directors possess extensive experience and expertise in related fields. (Outlined in the background information on Board diversity) → After the election of the twelfth board of directors, which is scheduled to take place in 2023, the short-term goal of achieving the company's established diversity policy for the year 2023 will be accomplished.

iii.The implementation status of board members' diversity

Title	Name	Gender	Term of Independent Director (year)			Experience (Education) (Note: Experience includes employment, management, academic, consulting and related research)			Age or range				Concurrent managerial position held within the Company
			<3	3-9	>9	Technology, Industry, Commerce	Law, Finance or Accounting	Technology research	<50	50-60	60-70	>70	
Chairman	Johnson Lee	Male				V	V		V				
Directors	S.C. Ho	Male				V						V	
Directors	Felix Ho	Male				V	V		V				
Directors	FY Gan	Male				V				V			V
Directors	Chuan-Chuan Tsai	Female				V		V				V	
Directors	Luke Chen	Male				V				V			V
Independent Director	Po-Young Chu	Male		V		V	V				V		
Independent Director	Shi-Chern Yen	Male	V			V		V			V		
Independent Director	Donald Chang	Male	V			V	V				V		

Note: Please refer to Section 3.2.1 for directors' academic backgrounds and career experiences.

iv.Board of Directors Diversity and Background

Director Chuan-Chuan Tsai	A pioneer of Taiwan's display industry that had been a senior vice president of Quanta Display Inc., and held R&D and executive management roles at a leading US tech company; she was a professor with the Department of Photonics and Display Technology Research Institute at National Chiao Tung University. She has both business administration and R&D backgrounds.
Independent Director Po-Young Chu	He had been a professor with the Department of Management Science, College of Management, at National Chiao Tung University. In addition to teaching the EMBA strategy course on a regular basis, he also conducts training for many well-known enterprises and organizations. He was named one of Taiwan's top 10 EMBA teachers for five consecutive years according to a Cheers magazine survey and is an expert in business strategy.
Independent Director Donald Chang	He previously worked at 3M and served as the regional 3M director and general manager in different countries. He was later promoted to regional operations and served as the Vice President of Southeast Asia, and President of Greater China. He is a member of the 3M Global Executive Committee so his expertise includes transnational business management.
Independent Director Shi-Chern Yen	He had been a professor with the Department of Chemical Engineering at National Taiwan University as well as Deputy Director of Green Energy Labs, Industrial Technology Research Institute. In addition to teaching electrochemical techniques, display technologies, energy engineering, and thermodynamics, Yen also carries out research into lithium battery energy storage materials. He is an expert in materials research as well as energy and carbon integration processes.

(2) Board independence: provide explanations on the number and percentage of independent directors, board performance, and whether the board exhibits any of the conditions described in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act with reasons; please also highlight any relationship characterized as spouse or 2nd-degree relative or closer among directors, among supervisors, and between directors and supervisors.

The Company's 11th board of directors comprises 9 directors, of which 3 (33%) are independent directors. All independent directors have signed a statement of conformity with professional eligibility, independence, and concurrent duties when elected on June 18, 2020. The board of directors and all its members have met the independence criteria stipulated by laws, and posed no violation against Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act. Please refer to Section 3.2.1 Directors' background for detailed explanation of relationships among directors.

3.2.3 Major shareholders of the institutional shareholders

Major shareholders of the institutional shareholders

2022.12.31

Name of Institutional Shareholders	Major Shareholders	%
Shin-Yi Enterprise Co., Ltd.	S.C. Ho	27.84%
	Jucheng Investment & Management Co., Ltd.	12.50%
	BRILLIANT PRIDE LIMITED	12.50%
	Gao Da Global Ltd.	12.50%
	Mei Yu Ho	12.50%
	Guang Yu Investment Co., Ltd.	5.91%
	Tsai Hui Shin Ho	2.48%
	Richard Ho	2.18%
	Jin Jie Investment Co., Ltd.	1.52%
	Hoss Foundation	1.48%
Aidatek Electronics, Inc.	Hsinex International Corporation	47.69%
	S.C. Ho	41.27%
	Felix Ho	7.46%
	Johnson Lee	3.58%

Major shareholders of the Company's major institutional shareholders

2022.12.31

Name of Institutional Shareholders	Major Shareholders	%
Jucheng Investment & Management Co., Ltd.	Rainbow Time Ltd. (Samoa)	100.00%
BRILLIANT PRIDE LIMITED	LEE SWEE HIONG	100.00%
Gao Da Global Ltd.	Jin-Xing Lin	100.00%
Guang Yu Investment Co., Ltd.	Tsai Hui Shin Ho	57.49%
	Jie-Ru Ho	7.50%
	Wen-Hua Ho	7.50%
	Yi-Jin Huang	6.25%
	Yi-Xuan Huang	6.25%
	Jie-Xi Liu	3.75%
	Jie-Ya Liu	3.75%
	Jie-Xiu Ka	3.75%
	Jie-Ke Ka	3.75%
	Richard Ho	0.01%
Jin Jie Investment Co., Ltd.	Guang Yu Investment Co., Ltd.	100.00%
Hoss Foundation	Founded in 2001 with Hui-Mei Chen as the main donor at the time of founding	100.00%
Hsinex International Corporation	S.C. Ho	53.13%
	Yi Chia Ho	24.48%
	Felix Ho	22.28%
	Cheng Yu Co., Ltd.	0.11%

3.2.4 Management Team

2023/5/1

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	ROC	FY Gan	M	2017.06.20	580,000	0.05%	500,000	0.04%	0	0.00%	AU Optronics Corporation Associate Vice President /McGill University Department of Electrical Engineering PhD degree	Director/General Manager of Subsidiaries of the Company Director of PLASTIC LOGIC HK LIMITED Independent Director of PlayNitride Inc.	None	None	None	None
Operation Center Executive Vice President	ROC	Luke Chen	M	2010.10.01	286,000	0.03%	150,600	0.01%	0	0.00%	Ningbo Chihsin Optoelectronics Corporation Executive Vice President / Chi Mei Optoelectronics Corporation Deputy Manager of LCM Engineering Office / Quanta Display Inc. Director of LCM Engineering Office /Topsun Optronics, Inc. Executive Vice President /PENN STATE U. of PhD in Electrical Engineering	Director/Chairman of Subsidiaries of the Company	None	None	None	None
Chief Finance Officer	ROC	Lloyd Chen	M	2018.04.23	106,950	0.01%	0	0.00%	0	0.00%	TPV Technology Co., Ltd./AVP Global Display Solutions Asia/CFO Lite-On Technology Co., Ltd. / Assistant Manager/Deloitte & Touche Accounting Firm / In-charge manager/CUNY；Macquarie Uni, Sydney	Director/Chief Financial Officer of Subsidiaries of the Company	None	None	None	None
Advanced Technology Research Central Div. Senior Vice President	ROC	YS Chang	M	1996.02.01	225,000	0.02%	0	0.00%	0	0.00%	Industrial Technology Research Institute Electronic and Optoelectronic System Research Laboratories /National Chiao Tung University Department of Photonies Institute of EO Engineering master degree	None	None	None	None	None
Chief Technology Officer (Taiwan)	British Subject	Ian Douglas French	M	2012.03.01	81,000	0.01%	0	0.00%	0	0.00%	Philips Principal Research/GEC Senior Research Scientist/Dundee Uinversity Research Assistant/GEC Research Scientist/Dundee Physics and Technology of amorphous silicon Master's degree	None	None	None	None	None
Vice President	ROC	Tung-Liang Lin	M	1995.05.25	10,983	0.00%	0	0.00%	0	0.00%	Industrial Technology Research Institute Electronic and Optoelectronic System Research Laboratories /National Chiao Tung University Department of Electrical Engineering, master degree	None	None	None	None	
eNote BU Associate Vice President	ROC	Jim Chang	M	2018.09.06	181,000	0.02%	108,000	0.01%	0	0.00%	AU Optronics Corporation Marketing Director /PICVUE ELECTRONICS, LTD. product engineer /National Tsing Hua University Institute of Nuclear Science master degree	Director of Subsidiaries of the Company	None	None	None	None
FPL MFG Central Div. Vice President	ROC	Mano Lo	M	2013.12.09	171000	0.01%	0	0.00%	0	0.00%	Optimax Technology Corporation Executive Vice President/Achem Opto-Electronic Corporation, Americas, Executive Vice President /PlexBio Co.,Ltd. President/ RITEK Corp. Media Manufacturing Business Group Assistant manager/AT&T Corporation Senior Manager/National Chiao Tung University Department of Technology Management, Master degree	Director or Supervisor of Subsidiaries of the Company	None	None	None	None

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
LKO R&D Central Div. Associate Vice President	ROC	Jason Jan	M	2020.07.01	16,000	0.00%	0	0.00%	0	0.00%	RITEK Corporation R&D Specialist/ PhD, Institute of Chemistry, National Tsing Hua University	None	None	None	None	None
Product Development Center Associate Vice President	ROC	JM Hung	M	2018.09.06	176,000	0.02%	187,000	0.02%	0	0.00%	AU Optronics Corporation Manager / National Chiao Tung University Institute of Electrical and Control Engineering Master degree	Director of Subsidiaries of the Company Director of IST	None	None	None	None
IoT BU Associate Vice President	ROC	Max Chen	M	2013.02.01	270,000	0.02%	0	0.00%	0	0.00%	AU Optronics Corporation Factory Director/ PICVUE ELECTRONICS, LTD. Manufacture engineer / National Cheng Kung University Institute of Chemistry, Master degree	None	None	None	None	None
FPL MFG Central Div. Associate Vice President	ROC	Peter Peng	M	2021.07.21	44,000	0.00%	0	0.00%	0	0.00%	AUO Manager /Assistant Manager of AUO/ AUO Integration Engineer / Yuantai Optoelectronics Process Engineer / Master, Institute of Polymer Science, Feng Chia University	None	None	None	None	None
IT Associate Vice President	ROC	James Huang	M	2022.07.01	0	0.00%	0	0.00%	0	0.00%	Senior Manager of New Energy Technology / Manager of Deep Ultra Optoelectronics / Manager of Unified Treasure Optoelectronics / Bachelor's Degree in Information Engineering from Feng Chia University	None	None	None	None	None
Finance Center Accounting Director	ROC	Jimmy Lee	M	2021.08.20	1,000	0.00%	0	0.00%	0	0.00%	Auditor of Wen Qing Accounting Firm / Semi-Senior, Audit Department of Capital Accounting Firm /Senior Accounting Manager of Accounting Office of Taiwan Semiconductor Manufacturing Co., Ltd. /Master of Finance, National Chiao Tung University	None	None	None	None	None
Corporate Governance Officer	ROC	June Su	F	2017.09.11	52,000	0.00%	0	0.00%	0	0.00%	YangMing Partners law firm Associate/TSAR & TSAI LAW FIRM Counsel/Air Liquide Far Eastern Assistant Vice President of Legal/Georgetown University Law Center LL.M. Master	None	None	None	None	None

Note 1: It should include information on the general manager, deputy general manager, assistant manager, heads of various departments and branches, as well as those whose positions are equivalent to general manager, deputy general manager or assistant manager, regardless of the title, should also be disclosed.

Note 2: This date is the date of promotion to the management level.

Note 3: The experience related to the current position, if you have worked in the audit and visa accounting firm or related companies during the previous disclosure period, the title and responsible position should be stated.

Note 4: When the general manager or equivalent (top manager) and the chairman are the same person, spouse or first-degree relative, the reasons, rationality, necessity and countermeasures should be disclosed (such as increasing the number of independent directors, And there should be more than half of the directors do not serve as employees or managers, etc.) related information): no such situation.

Note 5: Jimmy Lee temporarily acted as the accounting supervisor on on August 20, 2021.

Note 6: James Huang was promoted to Associate Vice President on July 1, 2022.

3.2.5 Remuneration of Directors, Supervisors, President, and Vice President

(1) Remuneration of Directors

Unit: NT$ thousands

Title	Name	Remuneration								Ratio of Total and Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total and Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)						
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Director	Johnson Lee, Representative of Aidatek Electronics Inc. S.C. Ho, Representative of Aidatek Electronics Inc. Felix Ho, Representative of Aidatek Electronics Inc. FY Gan, Representative of Shin-Yi Enterprise Co., Ltd. CC Tsai, Representative of Shin-Yi Enterprise Co., Ltd. Luke Chen, Representative of Shin-Yi Enterprise Co., Ltd.	0	0	0	0	28,000	28,000	720	720	28,7200.29 %	28,720 0.29%	62,580	67,101	216	216	2,515	0	2,515	0	94,031 0.95%	98,552 0.99%	0
Independent director	Po-Young Chu Donald Chang Shi-Chern Yen	0	0	0	0	12,000	12,000	360	360	12,3600.12 %	12,360 0.12%	0	0	0	0	0	0	0	0	12,360 0.12%	12,360 0.12%	0

Note1: The expenses related to rental fees for vehicles have been included, amounting to approximately 1,966 million NTD. The compensation for drivers amounts to approximately 1,909 million NTD.

Note2: For the fiscal year 2022, the total amount allocated for director remuneration is 40,000 million NTD, and the total amount allocated for employee remuneration is 111,550 million NTD. These allocations were approved by the Board of Directors on February 23, 2023, and the disbursement process will take place after approval at the shareholders' meeting.

Range of Remuneration

Range of Remuneration (NT$)	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	The company and all reinvestment businesses
Under 1,000,000				
1,000,001 ~ 2,000,000				
2,000,001 ~ 3,500,000				
3,500,001 ~ 5,000,000	S.C. Ho、Felix Ho、Luke Chen、CC Tsai、FY Gan、Po-Young Chu、Donald Chang、Shi-Chern Yen	S.C. Ho、Felix Ho、Luke Chen、CC Tsai、FY Gan、Po-Young Chu、Donald Chang、Shi-Chern Yen	S.C. Ho、Felix Ho、CC Tsai、Po-Young Chu、Donald Chang、Shi-Chern Yen	S.C. Ho、Felix Ho、CC Tsai、Po-Young Chu、Donald Chang、Shi-Chern Yen
5,000,001 ~ 10,000,000	Johnson Lee	Johnson Lee		
10,000,001 ~ 15,000,000	Shin-Yi Enterprise Co., Ltd.	Shin-Yi Enterprise Co., Ltd.	Luke Chen	Luke Chen
15,000,001 ~ 30,000,000	Aidatek Electronics, Inc.	Aidatek Electronics, Inc.	FY Gan	FY Gan
30,000,001 ~ 50,000,000			Johnson Lee、Shin-Yi Enterprise Co., Ltd.	Johnson Lee、Shin-Yi Enterprise Co., Ltd.
50,000,001 ~ 100,000,000			Aidatek Electronics, Inc.	Aidatek Electronics, Inc.
Over 100,000,001				
Total	11	11	11	11

(2) Remuneration of the President and Vice President

Unit: NT$ thousand

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing-Employee Bonus (D)				Ratio of total compensation (A+B+C+D) to net income and percentage (%)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chairman	Johnson Lee	40,668	49,450	864	864	58,674	58,674	6,071	-	6,071	-	106,277 1.07%	115,059 1.16%	702
President	FY Gan													
Executive Vice President	Luke Chen													
Chief Finance Officer	Lloyd Chen													
Vice President	YS Chang													
Vice President	Tung Liang Lin													
Vice President	Ian Douglas French													
Vice President	JM Hung													
Vice President	Mano Chen													

Note1: The expenses related to rental fees for vehicles have been included, amounting to approximately 1,966 million NTD. The compensation for drivers amounts to approximately 1,909 million NTD.

Note2: For the fiscal year 2022, the total amount allocated for director remuneration is 40,000 million NTD, and the total amount allocated for employee remuneration is 111,550 million NTD. These allocations were approved by the Board of Directors on February 23, 2023, and the disbursement process will take place after approval at the shareholders' meeting.

Range of Remuneration

Range of Remuneration (NT$)	Name of Supervisors	
	The company	Companies in the consolidated financial statements
Under 1,000,000		
1,000,001 ~ 2,000,000		

2,000,001 ~ 3,500,000		
3,500,001 ~ 5,000,000		
5,000,001 ~ 10,000,000	Ian Douglas French、YS Chang、Tung Liang Lin、Lloyd Chen、JM Hung、Mano Chen	Ian Douglas French、YS Chang、Tung Liang Lin、Lloyd Chen、JM Hung、Mano Chen
10,000,001 ~ 15,000,000	Luke Chen	Luke Chen
15,000,001 ~ 30,000,000	FY Gan	FY Gan
30,000,001 ~ 50,000,000	Johnson Lee	Johnson Lee
50,000,001 ~ 100,000,000		
Over 100,000,001		
Total	9	9

(3) Employee compensation amount paid to managers

Unit: NT$ thousands

Title	Name	Employee Bonus in Stock (Fair Market Value)	Employee Bonus in Cash	Total	Ratio of Total Amount to Net Income (%)
Chairman	Johnson Lee	-	8,659	8,659	0.09%
President	FY Gan				
Chief Technology Officer	CC Tsai				
Executive Vice President	Luke Chen				
Vice President	YS Chang				
Vice President	Tung Liang Lin				
Vice President	Ian Douglas French				
Associate Vice President	Max Chen				
Associate Vice President	Mano Lo				
Associate Vice President	JM Hung				
Associate Vice President	Jim Chang				
Associate Vice President	Jason Jan				
Chief Finance Officer	Lloyd Chen				
Associate Vice President	James Huang				
Accounting Director	Jimmy Lee				
Corporate Governance Officer	June Su				

Note1: The expenses related to rental fees for vehicles have been included, amounting to approximately 1,966 million NTD. The compensation for drivers amounts to approximately 1,909 million NTD.
Note2: For the fiscal year 2022, the total amount allocated for director remuneration is 40,000 million NTD, and the total amount allocated for employee remuneration is 111,550 million NTD. These allocations were approved by the Board of Directors on February 23, 2023, and the disbursement process will take place after approval at the shareholders' meeting.

3.2.6 The analysis of the total remuneration paid to the directors, general manager, and deputy general manager of this company and its consolidated subsidiaries in the past two fiscal years as a percentage of the post-tax net profit reported in the individual financial statements, along with an explanation of the remuneration policy, standards, and composition, the procedures for setting remuneration, and their correlation with business performance and future risks.

(1) The analysis of the remunerations to the Directors, Supervisors, President, and Vice Presidents from the Company and all companies included in the consolidated financial statements in proportion to the net income presented in the separate financial statements in the last 2 years:

Targets of payment	The proportion of total amount of payment to net income			
	2021		2022	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Directors	2.30%	2.30%	0.95%	0.99%
Independent Directors	0.15%	0.15%	0.12%	0.12%
President and Vice Presidents	3.21%	3.21%	1.07%	1.16%

(2) The policy, standard, and components of the remuneration of the Company, the association between the procedure for determination of the remuneration, and operation performance and the risk in the future:

If the Company gains profits in the year, it shall set aside at least 1% of the profits as the remuneration for employees and set aside not more than 1% of the profits as the remuneration for directors. However, if the Company has accumulated loss, certain amount to offset such loss shall be set aside in advance.

Remuneration to the Directors shall be made in cash. Remuneration to employees may be made in cash or stock. The employees of subsidiaries meeting specific condition are entitled to the remuneration. Such condition shall be determined by the Board under authorization. The ratio of remuneration to the Directors, the ratio of remunerations to employees and method of payment shall be determined by the Board in a session with the presence of at least two-thirds of the Directors and a simple majority of the Directors in session, and report to the Shareholders Meeting.

Remunerations to employees and the Directors shall be calculated on the basis of the earnings of the current year (the balance of earnings before taxation and before the deduction of remunerations to employees and Directors) net of accumulated deficit.

The remuneration paid to the general manager and deputy general manager of this company includes salary, bonuses, employee dividends, and retention incentives. Among these, the salary is determined by the Compensation Committee, taking into consideration the position held, scope of responsibilities, and contribution to the company's operational objectives. The committee also reviews the annual business performance, future risks, and industry norms for similar positions.

The bonus scheme is primarily linked to performance evaluation criteria for managers, including financial indicators (such as company revenue, pre-tax net profit achievement) and ESG sustainability-related indicators (such as climate change adaptation, development of low-energy and low-carbon emission technologies and products). Taking the employee stock option plan for the fiscal year 2021 as an example, the evaluation of the number of employee incentive stock options for managers is weighted and linked to new products, new technologies, and new processes related to energy-saving electronic paper products. Furthermore, the green revenue (measured by the ratio of revenue from environmentally friendly products with higher energy efficiency based on the FTSE Russell Green Revenue data model) and operating profit generated by energy-saving new products are also linked to the evaluation metrics for the management team's incentive stock options, with weighted percentages and subject to approval by the Board of Directors.

In 2023 and beyond, in addition to the current financial and sustainability systems and indicators, the evaluation of manager and management team performance will further extend to strengthening the emphasis on sustainable design and the proportion of green manufacturing.

3.3 Corporate governance

3.3.1 Operation of the board of directors meetings

(1) A total of 5 board meetings (A) were held in 2022; below are the attendance records:

Title	Name	Attendance in person (B)	Proxy attendance	Percentage of in-person attendance [B/A] (%) (note)	Remarks
Director	Johnson Lee, representative of Aidatek Electronics, Inc.	5	0	100%	-
Director	S. C. Ho, representative of Aidatek Electronics, Inc.	5	0	100%	-
Director	Felix Ho, representative of Aidatek Electronics, Inc.	5	0	100%	-
Director	Feng-Yuan Gan, representative of Hsin Yi Enterprise Corp.	5	0	100%	-
Director	Luke Chen, representative of Hsin Yi Enterprise Corp.	4	1	80%	-
Director	Chuan-Chuan Tsai, representative of Hsin Yi Enterprise Corp.	5	0	100%	-
Independent Director	Po-Young Chu	5	0	100%	-
Independent director	Shi-Chern Yen	5	0	100%	-
Independent director	Donald Chang	5	0	100%	-

Other mandatory disclosures:

I. For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed topics, independent directors' opinions and how the Company has responded to such opinions.

(I) Conditions described in Article 14-3 of the Securities and Exchange Act.

Date of board meeting	Session	Motion	Opposing opinions from independent directors	Company's response to independent directors' opposing opinions
Mar 11, 2022	12th meeting of the 11th board	1. Presentation of the Company's 2021 business report and financial statements 2. Presentation of the Company's 2022 Q1 business performance 3. Report on derivative transactions undertaken by the Company and subsidiaries in 2021 and January 2022 4. Report on external party lending, endorsement, and guarantee transactions undertaken by the Company and subsidiaries up until January 31, 2022 5. Report on the Company's audit plan execution between October and December 2021 6. Report on the third time of buyback of the Company's shares and the transfer of shares to employees 7. Report on the outcome of 2021 performance evaluation for the Company's board of directors, directors, and functional committees 8. Report on the energy and carbon reduction potentials of the Company's EPD products 9. Report on indirect investments into the Mainland through business investments created in a third location 10. Report on the proposed exercising of right to purchase land and buildings at Billerica Site and nearby land by the Company's subsidiary - E Ink Corporation (EIC) 11. Presentation of the Company's 2021 year-end accounts 12. Proposal of the Company's 2021 earnings appropriation 13. Proposal to allocate employee and director remuneration REVENUE 2021 profits, and to determine details including the payment method and eligible payees 14. Presentation of the Company's 2021 "Declaration of Internal Control System" 15. Proposal to apply for credit limits with banking partners 16. Proposal to designate the Company as co-drawer for subsidiary's credit limits maintained with banking partners	nil.	-

		17. Proposal to lend capital to one of the group subsidiaries - Yuanhan Materials Inc. (Yuanhan) 18. Proposal for partial amendments to the Company's Articles of Incorporation 19. Proposal for partial amendments to the Company's "Shareholders Conference Rules." 20. Proposal for partial amendments to the Company's Procedures of Acquisition or Disposal of Asset 21. Proposal to remove restrictions imposed against the Company's directors for involving in competing businesses 22. Discussion for the time, venue, and agenda of the Company's 2022 annual general meeting		
May 6, 2022	13th meeting of the 11th board	1. Report on the regular evaluation of financial statement auditor's independence and competence 2. Presentation of the Company's 2022 Q1 business performance and financial statements 3. Presentation of the Company's 2022 Q2 business performance 4. Report on derivative transactions undertaken by the Company between February and March 2022 5. Report on external party lending, endorsement, and guarantee transactions undertaken by the Company and subsidiaries up until March 31, 2022 6. Report on the Company's audit plan execution between January and March 2022 7. Proposal to appoint CPA Hui-Min Huang and CPA Ya-ling Weng of Deloitte Taiwan to serve as the Company's auditors 8. Proposal of the Company's 2022 Q1 business performance and financial statements 9. Proposal of the Company's 2022 salary adjustment 10. Proposal of the 2022 salary adjustment for managers of Assistant Vice President grade and above 11. Review the status of 2021 organizational targets and proposal of actual allocations for the Employee Stock Ownership Plan (ESOP) 12. Proposal to apply for credit limits with banking partners 13. Proposal to designate the Company as co-drawer for subsidiary's credit limits maintained with banking partners 14. Proposal of the Company's greenhouse inventory and certification plan 15. Proposal for appointment of Chief Information Security Officer and establishment of dedicated cybersecurity unit 16. Proposal to remove restrictions imposed against the Company's directors for involving in competing businesses 17. Proposal to remove restrictions imposed against the Company's President for involving in competing businesses 18. Proposal to subsidize business-related litigation for Company personnel	nil.	-
Aug 5, 2022	14th meeting of the 11th board	1. Presentation of the Company's 2022 Q2 business performance and consolidated financial statements 2. Presentation of the Company's 2022 Q3 business performance 3. Report on derivative transactions undertaken by the Company and subsidiaries between April and June 2022 4. Report on external party lending, endorsement, and guarantee transactions undertaken by the Company and subsidiaries up until June 30, 2022 5. Report on the Company's audit plan execution between April and June 2022 6. Report on renewal of the Company's director and supervisor liability insurance 7. Report on the current state of the Company's IP project management and future plans 8. Report on current status of incentive contract for new capital raised on the new project by Transcend Optronics (Yangzhou) Co., Ltd., one of the Company's wholly-held investments, and the "Yangzhou Economic and Technological Development Zone Administration Committee" with jurisdiction of over the site's location 9. Proposal of the Company's 2022 Q2 business performance and consolidated financial statements 10. Proposal to apply for credit limits with banking partners 11. Proposal of CPA audit service fees for 2022 12. Proposal on the Company's disposal of shareholdings in another company 13. Proposal on the Company's leasing of land in the Guanyin Industrial Park from Chung Hwa Pulp Corporation 14. Proposal for construction of new factory complex for the Company's new Guanyin plant 15. Proposal for additional budget and commissioning of the mechanical-electrical and FPL production equipment in the factory complex of the Company's Hsinchu plant	nil.	-
Nov 4, 2022	15th meeting of the	1. Report on the meeting minutes from the 8th meeting of the Company's 4th Remuneration Committee 2. Presentation of the Company's 2022 Q3 business performance and consolidated	nil.	-

	11th board	financial statements 3. Presentation of the Company's 2022 business performance 4. Report on derivative transactions undertaken by the Company and subsidiaries between July and September 2022 5. Report on external party lending, endorsement, and guarantee transactions undertaken by the Company and subsidiaries up until September 30, 2022 6. Report on the Company's audit plan execution between July and September 2022 7. Presentation of progress made by "Corporate sustainability Committee" in 2022 8. Report on the Company's cyber security management practices in 2022 9. Report on the construction of 2 FPL production lines at the factory complex of the Company's Hsinchu plant, as well as the basis and reasonableness of the calculations on demand for production capacity from growth in related business 10. Report on the industrial safety and layout of the Company's factory complex at the newly constructed Guanyin plant, as well as the basis and reasonableness of the calculations on demand for production capacity from growth in related business 11. Proposal of the Company's 2022 Q3 business performance and consolidated financial statements 12. Proposal of the Company's 2023 "Audit Plan" 13. Proposal on adjustment of 2022 salary for managers of Assistant Vice President grade and above 14. Proposal to apply for credit limits with banking partners 15. Proposal to amend the Company's "Procedure for Handling Material Inside Information" 16. Proposal to amend the parts of the Company's "Procedure for the Prevention of Insider Trade" 17. Proposal to amend parts of the Company's "Board of Directors Conference Rules" 18. Proposal for the Company to establish a "Sustainable Development Committee" 19. Proposed appointment of members for the Company's 1st Sustainable Development Committee 20. Proposal of the Company's "Risk Management Policy and Procedure"		
Dec 20, 2022	16th meeting of the 11th board	1. Report on derivative transactions undertaken by the Company and subsidiaries between October and November 2022 2. Report on external party lending, endorsement, and guarantee transactions undertaken by the Company and subsidiaries up until November 30, 2022 3. Report on the Company's business integrity management practices in 2022 4. Report on the construction of 2 FPL production lines at the factory complex of the Company's Hsinchu plant, as well as the basis and reasonableness of the calculations on demand for production capacity from growth in related business 5. Report on the industrial safety and layout of the Company's factory complex at the newly constructed Guanyin plant, as well as the basis and reasonableness of the calculations on demand for production capacity from growth in related business 6. Report on the establishment of new FP back-end production equipment by Transcend Optronics (Yangzhou) Co., Ltd., one of the Company's wholly-held investment. 7. Presentation of the Company's 2023 operational plan and budget 8. Proposal to apply for credit limits with banking partners 9. Proposal to construct additional FPL production equipment at the Company's Hsinchu site.	nil.	-
Feb 23, 2023	17th meeting of the 11th board	1. Report on the meeting minutes for the 16th meeting of the 11th Board, and their implementation 2. Presentation of the Company's 2022 business report and financial statements 3. Presentation of the Company's 2023 Q1 business performance 4. Report on derivative transactions undertaken by the Company and subsidiaries in December 2022 and January 2023 5. Report on external party lending, endorsement, and guarantee transactions undertaken by the Company and subsidiaries up until January 31, 2023 6. Report on the Company's audit plan execution between October and December 2022 7. Report on the outcome of the 2022 performance value for the Company's Board of Directors and functional committees by an external organization 8. Report on indirect investments into the Mainland through business investments created in a third location 9. Report on proposed treasury investments 10. Presentation of the Company's 2022 year-end accounts 11. Proposed distribution for the 2022 earnings of the Company 12. Proposal to allocate employee and director remuneration from 2022 surplus, and to determine details including the payment method and eligible payees 13. Proposal on status of 2022 annual performance targets and Employee Stock	nil.	-

		Ownership Program (ESOP), and their acceptance. 14. Presentation of the Company's 2022 "Declaration of Internal Control System" 15. Proposal to apply for credit limits with banking partners 16. Proposal on the regular evaluation of financial statement auditor's independence and competence 17. Proposal of CPA audit service fees for 2023 to 2025 18. Proposal to amend part of the Company's "Remuneration Committee Charter." 19. Proposal to construct clean room and general production area for the FPL production line at the Company's Hsinchu site. 20. Discussion for the time, venue, and agenda of the Company's 2023 annual general meeting		

(II) Any other documented objections or reservations raised by an independent director against board resolution in relation to matters other than those described above: None.

II. Disclosure regarding avoidance of interest-conflicting motions, including the names of directors concerned, the motions, the nature of conflicting interests, and the voting process:

i. During the 12th meeting of the 11th board of directors, a motion was raised to allocate employee remuneration and director remuneration from 2021 profits, during which the payment method and eligible payees were also determined. This motion was voted in two separate phases, one for independent directors and one for non-independent directors. During the independent directors phase, Independent Directors Po-Young Chu, Donald Chang, and Shi-Chern Yen had recused from discussion and voting due to conflict of interest. During the non-independent director phase, Chairman Johnson Lee, Director S.C. Ho, Director Felix Ho, Director FY Gan, Director Luke Chen, and Director Chuan-Chuan Tsai had recused from discussion and voting due to conflict of interest. Independent Director Po-Young Chu served as acting chairperson for the motion, and the motion was passed as proposed without objection from remaining directors that were free of conflicting interest when inquired by the acting chairperson.

ii. The motion to lend capital to Yuanhan Materials Inc., of the group subsidiaries, was raised during the 12th meeting of the 11th board. Chairman Johnson Lee, President FY Gan, and Director Luke Chen recused themselves from the discussion and voting of the proposal to avoid any conflicts of interest. The meeting was therefore chaired by S.C. Ho instead. The acting chairperson asked the remaining directors with no conflict of interest if they had any objections. The motion was subsequently passed by the board.

iii. A motion was raised during the 12th meeting of the 11th board of directors to remove non-competition restrictions on the Company's directors. Director FY Gan recused himself from discussion and voting to avoid any conflicts of interest as he was an also an independent director of PlayNitride Inc. The motion was passed as proposed by the remaining directors free of conflicting interest, who expressed no objection upon inquiry by the chairperson.

iv. 2022 salary adjustment for managers of Assistant Vice President grade and above was raised during the The 13th meeting of the 11th board. To avoid a conflict of interest, Chairman Johnson Lee, Director FY Gan, and Director Luke Chen recused themselves from the discussion and voting. Independent Director Donald Chang served as acting chairperson for this motion. The motion was passed as proposed by the remaining directors that were free of conflicting interest, who expressed no objection upon inquiry by the acting chairperson.

v. A motion was raised during the 13th meeting of the 11th board to examine the status of the 2021 organizational targets, and determine the actual allocation for Employee Stock Ownership Plan (ESOP). Chairman Johnson Lee, Director FY Gan, and Director Luke Chen recused themselves from the discussion and voting to avoid any conflicts of interest. Independent Director Donald Chang served as acting chairperson for this motion. The motion was passed as proposed by the remaining directors that were free of conflicting interest, who expressed no objection upon inquiry by the acting chairperson.

vi. A motion was raised during the 13th meeting of the 11th board of directors to remove non-competition restrictions on the Company's directors. Director Chuan-Chuan Tsai recused herself from the discussion and voting to avoid any conflicts of interest as she was also a director of AU Optronics Co., Ltd. The motion was passed as proposed by the remaining directors free of conflicting interest, who expressed no objection upon inquiry by the chairperson.

vii. A motion was raised during the 13th meeting of the 11th board of directors to remove non-competition restrictions on the Company's directors. Director FY President Gan recused himself from discussion and voting to avoid any conflicts of interest as he was an also an independent director of PlayNitride Inc. The motion was passed as proposed by the remaining directors free of conflicting interest, who expressed no objection upon inquiry by the chairperson.

viii. A motion was raised during the 13th meeting of the 11th board to subsidize business-related litigation for Company personnel. Chairman Johnson Lee recused himself from the discussion and voting to avoid any conflicts of interest. Independent Director Donald Chang served as acting chairperson for this motion. The motion was passed as proposed by the remaining directors that were free of conflicting interest, who expressed no objection upon inquiry by the acting chairperson.

ix. A motion was raised during the 14th meeting of the 11th board for the Company's leasing off land in Guanyin Industrial Park from Chung Hwa Pulp Corporation. Independent director Donald Chang recused himself from the discussion and voting due to avoid any conflicts of interest. The motion was passed as proposed by the remaining directors free of conflicting interest, who expressed no objection upon inquiry by the chairperson.

x. 2022 salary adjustment for managers of Assistant Vice President grade and above was raised during the 15th meeting of the 11th board. Chairman Johnson Lee, Director FY Gan, and Director Luke Chen recused themselves from the discussion and voting to avoid any conflicts of interest. Independent Director Donald Chang served as acting chairperson for this motion. The motion was passed as proposed by the remaining directors that were free of conflicting interest, who expressed no objection upon inquiry by the acting chairperson.

III. TWSE/TPEx listed companies are required to disclose the cycle, duration, scope, method, and detail of board performance self (or peer) evaluations performed; please refer to section (2) Execution of Board Performance Evaluation.

IV. Enhancement to the functionality of the board of directors in the current and the most recent year (e.g., establishment of an Audit Committee, improvement of information transparency etc.), and the progress of such enhancements:

The Company "Rules for Performance Evaluation of Board Directors" stipulates that a questionnaire self-assessment must

be conducted to evaluate the performance of the board each year. The Rules also require the Company to retain a professional external body to conduct an external assessment once every thee years. An external performance evaluation of the board and functional committee was completed by the Taiwan Investor Relations Institute on behalf of the Company on October 13, 2022 (evaluation period: November 1, 2021, to October 31, 2022). The outcomes of the evaluations were reported at the 17th meeting of the 11th board so that performance targets can be set and the competency of the board enhanced.

Note: Calculated based on the number of board of directors meetings held and in-person attendance during active duty.

(2) Execution of Board Performance Evaluation

A. Description of external evaluation operations

"Taiwan Investor Relations Institute (TIRI)" was commissioned by the Company to assist with the 2022 external performance evaluation of the board (including functional committees). The evaluation process involved the following:

Year	Evaluation method	Evaluation period	Scope of evaluation	Evaluation criteria	External evaluation committee	Justification of independence for the organization and committee
2022	1. Director's self-assessment questionnaire (TIRI edition) 2. Directors interview (online interview)	From November 1, 2021, to October 31, 2022	1. Overall board 2. Functional committees	1. Evaluation criteria for the overall board encompassed five dimensions (1) Board composition and professional development (2) Board decision-making quality (3) Operational efficiency of the board (4) Internal controls and risk management (5) Board engagement with CSR 2. Evaluation criteria for the functional committees encompassed five dimensions (1) Engagement with company operations (2) Understanding of functional committee's duties and responsibilities (3) Improvement to the decision-making quality of functional committees (4) Functional committee composition and appointment of members (5) Internal controls	1. Frank Wang, Deputy Director, Taiwan Investor Relations Institute (TIRI) Education: Institute for Economic and Social Research, Jinan University, Guangzhou, China Specialties: Politico-economic analysis of China, corporate acquisitions and mergers, social media manipulation Experience: Deputy Chairman, Teco Image Systems Co., Ltd. Director, Creative Sensor Inc. Director, Nanchang Creative Sensor Technology Co., Ltd. Independent Director, Energy Moana Co., Ltd. President, FugoMedia Guest Professor, Graduate Institute for Taiwan Studies of Xiamen University Special Guest Lecturer, Graduate Institute of Development Studies, National Chengchi University Special Guest Lecturer, Graduate Institute of Political Science and Economy, National Chengchi University EMBA Lecturer, Kainan University Advisory committee member, Board of Transportation Technology Industry President of Nanchang City Taiwanese Cooperation Association 2. Ming-jen Chang, Director for Taiwan Investor Relations Institute (TIRI) Education: Japanese Studies and Psychology, UC Berkeley Specialty: Investor relations, capital raising, financing and capital market strategy, project management Experience: Director, Taiwan Investor Relations Institute Assistant Vice President of Investor Relations, B&Q Group	The evaluation process was handled by the external body and evaluation committee members, and conducted in an impartial and objective manner with absolutely no events that impact on their independence. The following declaration was also made: 1. None of the circumstances apply to the members of this executive committee, their spouse, or dependents: (1) Has any direct or indirect material financial interest with the company under evaluation. (2) Has any commercial relationships with the company under evaluation or its directors that have a significant impact on independence. (3) Has received gratuities or gifts of material value (where its value does not exceed the standard for ordinary social etiquette) from the company under valuation, or its directors, officers or key shareholders. 2. This member of the executive committee is not a spouse, lineal blood relative, lineal relative by marriage, or collateral relative by blood to any of the company under evaluations' directors or officers. 3. This member of the executive committee, his or her spouse, or dependents, is not a director, officer, or employed in any position that has a direct and material influence on the evaluation by the company under evaluation.

Year	Evaluation method	Evaluation period	Scope of evaluation	Evaluation criteria	External evaluation committee	Justification of independence for the organization and committee
					Vice President of Finance, Allegenesis Biotherapeutics Inc. President of Nanchang City Taiwanese Cooperation Association 3. Wei-kuo Su, Managing Partner, A Law Firm Education: EMBA, National Chengchi University Institute of Comparative Law, Soochow University Bachelor of Law, Soochow University Specialties: Corporate law, insurance, taxation, tariffs and duties, real estate, securities, labor-management, contracts, intellectual property, administration, civil and criminal law Experience: Managing Partner, A Law Firm Head of Legal Affairs, Compliance, and Customer Complaints departments at China Life Insurance Co., Ltd. Senior attorney, DTT Attorneys-at-Law Officer, Administrative Appeals Committee, Ministry of Finance Clerk, Keelung Customs, Ministry of Finance Law clerk, Shilin District Court, Taiwan Law clerk, New Taipei District Court, Taiwan	

B. Results

I. Questionnaire survey results

Scope of assessment	Evaluation indicator	Questionnaire score (Note 1)		Remarks
Board of Directors	A. Board composition and professional development	4.70	4.74	
	B. Board of Directors’ decision-making quality	4.78		
	C. Operational efficiency of the board	4.75		
	D. Internal controls and risk management	4.71		
	E. Board engagement with CSR	4.75		
Functional committees	A. Engagement with company operations	5	4.94	
	B. Understanding of functional committee’s duties and responsibilities	4.92		
	C. Improvement to the decision-making quality of functional committees	5		
	D. Functional committee composition and appointment of members	4.88		
	E. Internal controls	4.89		

II. Observations and recommendations

An evaluation report was issued by the external evaluation body based on the Board meeting minutes, internal polices, other supporting documentation and public information provided by the Company, as well as the self-assessment questionnaires and on-site findings. The following observations and recommendations were compiled by the report:

Item	Explanation of observations and recommendations
1.	A Sustainable Development Committee Charter has been established and is convened as least twice annually.
2.	No more than one-third of the Board is made up by a single legal entity
3.	No more than two directors are related by marriage or within two degrees of kinship.
4.	There is succession planning for members of the Board and management team
5.	Risk management policy and procedure has been defined and passed by the Board
6.	The independence and competence of the CPA has been assessed based on the Audit Quality Indicators (AQI)

Note 1 : Performance evaluation of the Board and functional committee was conducted by Taiwan Investor Relations Institute, an external evaluation body. A scale of 1 to 5 was used by each questionnaire as shown in the table below:

Scale	1	2	3	4	5	N/A
Degree	Not satisfied (Strongly disagree)	Rarely satisfied (Disagree)	Occasionally satisfied (Average)	Mostly satisfied (Agree)	Always satisfied (Strongly agree)	Not applicable

Note 2 : Represents the frequency of board performance evaluation, e.g.: once a year.

Note 3 : Represents the duration covered by performance evaluation, e.g.: performance of the board of directors between January 1, 2021, and October 31, 2022, was assessed.

Note 4 : The scope of assessment covers the board's performance as a whole, the individual directors, and functional committees.

Note 5 : Assessment methods include: internal board self-assessment, director self-assessment, peer assessment, assessment by an external institution or expert, and other methods as deemed appropriate.

Note 6 : Assessment details, by the scope of assessment, include at least the following:

(1) Board performance evaluation: board's participation in the Company's operations, the quality of board's decisions, the board's composition, election and ongoing education of board members, and enforcement of internal control.

(2) Director individual performance evaluation: includes at least director's awareness towards the Company's goals and missions, awareness to duties, level of participation in the Company's operations, maintenance of internal relations and communication, professionalism and continuing education, and internal controls.

(3) Performance evaluation for functional committees: Engagement with the Company's operations, awareness of duties and responsibilities, quality of committee's decisions, composition and selection of members, and internal control.

3.3.2 Audit Committee

A. Audit Committee

A total of 5 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	No. of in-person attendance (B)	Proxy attendance count	Percentage of in-person attendance (%) (B/A) (Note)	Remarks
Independent Director	Po-Young Chu	5	0	100%	Convener
Independent Director	Donald Chang	5	0	100%	
Independent Director	Shi-Chern Yen	5	0	100%	

Other mandatory disclosures:

I. For Audit Committee meetings that concern any of the following, state the date and session of Audit Committee meeting, the motions discussed, the Audit Committee's resolutions, and how the Company has handled Audit Committee's opinions.

(I) Conditions described in Article 14-5 of the Securities and Exchange Act.

Date of meeting	Session		Motion	Opposing opinions from independent directors	Company's response to Audit Committee's conflicting opinions:
11-Mar-22	10th meeting of the 3rd committee	1	Presentation of the Company's 2021 business report and financial statements	nil.	-
		2	Report on derivative transactions undertaken by the Company in 2021 and January 2022		
		3	Report on external party lending, endorsement, and guarantee transactions undertaken by the Company and subsidiaries up until January 31, 2022		
		4	Report on the Company's audit plan execution between October and December 2021		
		5	Report on the outcome of 2021 performance evaluation for the Company's board of directors, directors, and functional committees		
		6	Presentation of the Company's 2021 year-end accounts		
		7	Presentation of the Company's 2021 "Statement on Internal Control"		
		8	Proposal for partial amendments to the Company's Procedures of Acquisition or Disposal of Asset		
		9	Proposal to remove restrictions imposed against the Company's directors for involving in competing businesses		
		10	Proposal to lend capital to one of the group subsidiaries - Yuanhan Materials Inc. (Yuanhan)		
		11	Proposal to designate the Company as co-drawer for subsidiary's credit limits maintained with banking partners		
		12	Proposal of the Company's 2021 earnings appropriation		
4-May-22	11th meeting of the 3rd committee	1	Report on derivative transactions undertaken by the Company between February and March 2022	nil.	-
		2	Report on external party lending, endorsement, and guarantee transactions undertaken by the Company and subsidiaries up until March 31, 2022		
		3	Report on the Company's audit plan execution between January and March 2022		
		4	Report on the regular evaluation of financial statement auditor's independence and competence		
		5	Proposal to appoint CPA Hui-Min Huang and CPA Ya-ling Weng of Deloitte Taiwan to serve as the Company's auditors		
		6	2022 Q1 consolidated financial statements		
		7	Proposal to remove restrictions imposed against the Company's directors for involving in competing businesses		
		8	Proposal to designate the Company as co-drawer for subsidiary's credit limits maintained with banking partners		
4-Aug-22	12th meeting of the 3rd committee	1	Report on the Loans and Endorsement Guarantees of the Company and its Subsidiaries as of June 30th of 2022.	nil.	-
		2	Report on the Execution of Audit Plan of the Company for the period from April to June of 2022.		
		3	Report on the Execution of Audit Plan of the Company for the period from April to June of 2022.		
		4	Proposed Business Performance and Consolidated Financial Statements for the Second Quarter of 2022.		
		5	Proposed Auditor's Audit Service Fees for 2022.		
		6	Proposed Disposal of Equity Investments in Other Companies by the Company.		
		7	Proposed Lease of Land in Guanyin Industrial Zone from China Pulp and Paper Corporation by the Company.		
		8	Proposed Construction Project for a New Office Building in Guanyin Plant by the Company.		
		9	Proposed Budget Increase and Activation of Mechanical and FPL Production Equipment in Hsinchu Plant Office Building by the Company.		
2-Nov-22	13th meeting of the 3rd committee	1	Report on derivative transactions undertaken by the Company and subsidiaries between July and September 2022	nil.	-
		2	Report on external party lending, endorsement, and guarantee transactions undertaken by the Company and subsidiaries up until September 30, 2022		
		3	Report on the Company's audit plan execution between July and September 2022		
		4	Proposal of the Company's 2022 Q3 business performance and consolidated financial statements		
		5	Proposal of the Company's 2023 "Audit Plan"		
		6	Proposal to amend the Company's "Procedure for Handling Material Inside Information"		
		7	Proposal to amend the parts of the Company's "Procedure for the Prevention of Insider Trade"		
		8	Proposal of the Company's "Risk Management Policy and Procedure"		
20-Dec-22	14th meeting of the 3rd committee	1	Report on derivative transactions undertaken by the Company and subsidiaries between October and November 2022	nil.	-
		2	Report on external party lending, endorsement, and guarantee transactions undertaken by the Company and subsidiaries up until November 30, 2022		
		3	Proposal to construct additional FPL production equipment at the Company's Hsinchu site		

(II) In addition to the aforementioned issues, any other motions not passed by the Audit Committee but passed by the Board at the consent of more than two-thirds of the Directors: Not applicable.

II. Avoidance of involvements in interest-conflicting motions by independent directors, including details such as the name of independent director, the motion, the nature of conflicting interests, and involvement in the voting process: None.

III. The communication between the Independent Directors and the Chief Internal Auditor and the CPAs (including the financial position and state of business operation in materiality, the means of communication, and the result):

(1) The Audit Committee convenes regularly and will invite certified public accountants, Chief Internal Auditor, and related officers to attend the meeting.

(2) The internal auditors conduct audits in accordance with the Annual Audit Plan and report to the Audit Committee on the audit findings. The Audit Committee evaluates the internal control system, the internal auditors, and the pursuit of internal audits regularly.

(3) The Audit Committee exchanges opinions with the certified public accountants retained by the Company on the review or audits of the quarterly financial statements and related legal matters, and evaluate the independence of the certified public accountants on the selection, the audit and non-audit services rendered by the certified public accountants.

Note: Calculated based on the number of Audit Committee meetings held and in-person attendance during active duty.

3.3.3 The pursuit of corporate governance and the variation with the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies, and the reason:

Items for evaluation	The pursuit			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason
	Yes	No	Summary	
I. Has the Company instituted and disclosed corporate best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies?	v		● "The Corporate Governance Best Practice Principles" was passed by the Board of Directors on December 19, 2019. The contents can be viewed on the corporate website (http://www.eink.com).	● Relevant
II. The structure of shareholding and rights of the shareholders of the Company				
(I) Has the Company established internal operation procedures for responding to the suggestions, queries, disputes and legal actions of the shareholders, and follow the procedures?	v		● The Company has appointed a spokesman, acting spokesman, and designated legal affairs staff who respond to the suggestions, queries, disputes, and legal actions of the shareholders in accordance with the operation procedure.	● Relevant
(II) Has the Company kept the list of the dominant shareholders that exercise de facto control of the Company and the parties that exercise ultimate control of these dominant shareholders under control?	v		● Inquiry with the share registration and investor service agent at any time for proper information.	● Relevant
(III) Has the Company established and exercised risk control and firewall mechanisms with its affiliates?	v		● The Company has instituted related rules and regulations governing the operation, business and financial transactions between the Company and the affiliates.	● Relevant
(IV) Has the Company instituted internal rules and regulations to prohibit insiders of the Company from using information undisclosed in the market for the trading of securities?	v		● The Company has instituted the "Procedure for the Prevention of Insider Trade" to prohibit insiders of the Company using information not disclosed in market for the trading of securities.	● Relevant
III. The organization and function of the Board				
(I) Does the Board develop and implement a diversified policy and substantive management objectives for the composition of its members?	v		● The members of the Board are experts from different professional backgrounds, of both sexes, and in different areas of specializations. This composition makes the structure of the Board perfect. For more information on the Board diversity policy, substantive management objectives, and their implementation, please refer to section 3.2.2.	● Relevant
(II) Further to the establishment of the Remuneration Committee and the Auditing Committee as required by law, has the Company voluntarily established related functional committees?	v		● The establishment of the Sustainable Development Committee was passed by the board on November 4, 2022.	● Relevant
(III) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	v		● The company has established the Board of Directors' performance evaluation measures and assessment methods on December 19th, 2019. The evaluation results are regularly reported to the Board of Directors on an annual basis..	● Relevant
(IV) Has the Company conducted routine evaluation of the independence of the certified public accountants who conducted the external audits and certification?	v		● The Company reviews the independence of the certified public accountants being retained annually. The findings will be reported to a session of the Audit Committee scheduled to be held on February 23, 2023, and to a session of the Board scheduled to be held on February 23, 2023, for approval. The Accounting Department has assessed the independence of CPAs Hui-Ming Huang and Ya-Ling Weng from Deloitte Taiwan in accordance with the standard of independence of the Company. The result indicated that both CPAs are eligible for acting as the external independent auditors for the Company in financial audit and certification and for issuing related declaration. The details of the report can be found in section 8.11.	● Relevant

Items for evaluation	The pursuit			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason
	Yes	No	Summary	
IV. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	v		● The Company has appointed designated personnel to administer corporate governance, including the supply of information to the needs of the Directors and Independent Directors for their performance of assigned duties, holding conventions of the Board and the Shareholders Meeting as required by law, making company registration and registration of change, compilation of minutes of Board meetings and Shareholders Meeting on record. ● For the Scope of Authority, Business Highlights during the Year, and Continuing Education of the Chief Governance Officer, please refer to section 8.8.	● Relevant
V. Has the Company developed the channels for the communications with the stakeholders (including without limiting to shareholders, employees, customers and suppliers) and established a special section for the stakeholders at the official website of the Company with proper response to the concerns of the stakeholders in the aspect of corporate social responsibility?	v		● The Company has established the system of spokesman and provided the update information of the Company and communicate with stakeholders on issues pertaining to corporate social responsibility through the stakeholder section of the official website of the Company, the quarterly supplier meetings, and customer satisfaction survey.	● Relevant
VI. Has the Company commissioned a professional share registration and investor services agent for handling matters related to Shareholder Meeting?	v		● The Company has appointed SinoPac Securities Corp. to organize the Shareholders Meeting and handle related matters.	● Relevant
VII. Disclosure of information (I) Has the Company installed an official website for the disclosure of information on finance, operation, and corporate governance?	v		● The Company has installed its official website (http://www.eink.com) to provide related financial and operation information and appointed designated personnel to maintain and update the content.	● Relevant
(II) Has the Company adopted other means for disclosure (such as the installation of a website in the English language, appointment of designated persons to the collection and disclosure of information on the Company, the implementation of the spokesman system, and the videotape on institutional investor conferences)?	v		● The Company has set up the Public Relation Office and the Share Registration and Investor Service Office to perform the function of information gathering and disclosure. The Company also has had an official website in the English language, and properly implemented the spokesman system.	● Relevant
(III) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	v		● The Company announced and filed annual financial statements, the Q1, Q2 and Q3 financial statements, as well as monthly operation results within the prescribed time limits in accordance with the relevant provisions of the Securities and Exchange Act. The above disclosures can be viewed at the Market Observation Post System website (https://mops.twse.com.tw/mops/web/index).	● Relevant
VIII. Is there any vital information that helps to understand the actions on corporate governance better (including without limiting to employee rights, employee care, investor relation, supplier relation, stakeholder right, the continuing education of the Directors and Supervisors, risk management policy, and the standard of risk assessment and the pursuit of risk assessment, the pursuit of customer policy, professional liability insurance for the Directors and the Supervisors of the Company)?	v		Description below: (I) For information on the rights of employees, such as benefits, continuing education, training, and retirement system of the Company, refer to section 5.5. (II) The Company takes risk management and the impact on the environment into consideration for the advocacy of sustainable development and holds training programs in safety, health, and environment management for all at regular intervals. (III) The Company duly observed applicable laws and regulations governing	● Relevant

Items for evaluation	The pursuit			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason
	Yes	No	Summary	
			environmental protection. For further information on environmental protection and related expenditures, please refer to section 5.4. (IV) The Company has instituted the procedure for the evaluation of suppliers. (V) The Company complied with the mandatory hours of continuing education for all directors in 2022. For more information, please refer to section 8.10. (VI) More than two-thirds of the Directors were present in each session of the Board to participate in the operation of the Board. (VII) The recusal of the Directors on motions with a conflict of interest: Directors will recuse themselves from the discussion and voting of motions that involve a conflict of their personal interests. (VIII) Professional liability insurance for the protection of the Directors and Supervisors: the Company has taken professional liability insurance for the protection of the Directors.	
IX. The state of corrective action taken in response to the corporate governance evaluation result announced by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and the issues required special effort for improvement and related measures. (I) The result of the 9th corporate governance evaluation was the top 5%, with a total score of 100.02. (II) Improvements, priorities and measures taken: (i) Total promotion of sustainability (ii) Implementation of board diversification targets (III) The Company conducts an in-depth review of every item that we failed to score points for each year. Improvement measures are constantly being proposed and enforced in a bid to raise our score each year, improve the effectiveness of corporate governance, and realize the goals of sustainability.				

3.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

1. Remuneration Committee members

December 31, 2022

Status	Name (Criteria)	Professional qualification and experience	Independence	Number of concurrent appointments to the remuneration committees of other public companies
Independent director (Convener)	Donald Chang	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	Satisfies criteria for independence	1
Independent director	Shi-Chern Yen	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution eligibility Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	Satisfies criteria for independence	1
Independent director	Po-Young Chu	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution eligibility Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	Satisfies criteria for independence	2

Note: For details on professional qualifications, experience, and independence, please refer to section 3.2.1 Information on the Directors.

2. Operation of the Remuneration Committee

(1) The Remuneration Committee has 3 members.

(2) Term of current Committee: June 18, 2020, to June 17, 2023. The Remuneration Committee was convened 3 times (A) in the last fiscal year. Committee members' qualifications and attendance were as follows:

Title	Name	Attendance in person (B)	Proxy attendance	Percentage of in-person attendance (%) (B/A)	Remarks
Convener	Donald Chang	3	0	100%	
Committee Members	Po-Young Chu	3	0	100%	
Committee Members	Shi-Chern Yen	3	0	100%	

Other mandatory disclosures:

I. If the board of directors will decline to adopt, or will modify, a recommendation of the remuneration committee, the date of the board meeting, session, contents of the motion, the outcome of the board resolution, and the Company's response to recommendation of the remuneration committee (if the remuneration passed by the board exceeds the recommendation of the remuneration committee then the circumstances and cause for the difference shall be specified) shall be specified.

Explanation:

Board of Directors Date	Session		Motion	Outcome of the board resolution (If the remuneration passed by the board exceeds the recommendation of the remuneration committee then the circumstances and cause for the difference shall be specified)	Company's response to the opinion of the Remuneration Committee
Mar 11, 2022	12th meeting of the 11th board	1	Proposal to allocate employee and director remuneration from 2021 profits, and to determine details including the payment method and eligible payees.	Passed unanimously by all directors	-
		2	Report on the outcome of 2021 performance evaluation for the Company's Remuneration Committee		
May 6, 2022	13th meeting of the 11th board	1	2022 salary adjustment	Passed unanimously by all directors	-
		2	2022 salary adjustment for managers of Assistant Vice President grade and above		
		3	Review the 2021 status of the organizational targets and proposal of actual allocations for the Employee Stock Ownership Plan (ESOP).		
Nov 4, 2022	15th meeting of the 11th board	1	Proposal on adjustment of 2022 salary for managers of Assistant Vice President grade and above	Passed unanimously by all directors	-

II. If with respect to any resolution of the remuneration committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, the opinion shall be stated in the meeting minutes. The date of the remuneration committee meeting, session, motion, the opinions of all members, and the response to their opinions shall be recorded.

Explanation:

Remuneration Committee Date	Session		Motion	Outcome of resolution	Company's response to the opinion of the Remuneration Committee
Mar 11, 2022	6th meeting of the 4th committee	1	Proposal to allocate employee and director remuneration from 2021 profits, and to determine details including the payment method and eligible payees	Passed unanimously by all members	-
		2	Report on the outcome of 2021 performance evaluation for the Company's Remuneration Committee		
May 4, 2022	7th meeting of the 4th committee	1	2022 salary adjustment	Passed unanimously by all members	-
		2	2022 salary adjustment for managers of Assistant Vice President grade and above		
		3	Review the 2021 status of the organizational targets and proposal of actual allocations for the Employee Stock Ownership Plan (ESOP).		
Nov 2, 2022	8th meeting of the 4th committee	1	Proposal on adjustment of 2022 salary for managers of Assistant Vice President grade and above	Passed unanimously by all members	-

(3) Scope of authority:

1. Define and periodically review the policies, systems, standards, and structure of performance evaluation and remuneration for directors and officers.
2. Periodically review and determine the remuneration for directors and officers.

3.3.5 Composition, Responsibilities and Operations of the Corporate Sustainable Development Committee

I. Eligibility and Authority of Corporate Sustainable Development Committee members:

To promote sustainability initiatives as well as strengthen governance and oversight of sustainability performance, the establishment of a functional “Sustainable Development Committee” reporting to the Board of Directors was passed by the E Ink board of directors in 2022. The responsibilities of the Sustainable Development Committee included the development of environmentally friendly products, green production and climate change response, employee development and occupational safety and health, corporate governance and ethical management, development of sustainable supply chain, stakeholder communication and social inclusion, and operating risk and opportunity risk management. The Sustainable Development Committee under the Board of Directors will interface with the existing operational-level “Corporate Sustainability Committee” to oversee the sustainability initiatives and implementation of the Product Sustainability, Green Manufacturing, Corporate Care Corporate Governance, Supply Chain, Projects and Stakeholders, and Risk Management working groups.

The "Sustainable Development Committee” was established in November 2022 and its first meeting is planned for May 4, 2023.

Scope of authority:

I. Promote and enforce sustainable development policies of the Company, including the execution of corporate governance, business integrity, risk management, environmental, and social goals, strategies, and plans.

II. Review and manage sustainable development progress and performance within the Company, and present reports and resolutions to the board of directors.

III. Enhance communication with stakeholders, including government institutions, shareholders, the media, customers, suppliers, affiliated enterprises, employees, industry associations, the community, and the society, and address issues that are of significant concern to stakeholders.

IV. Supervise other sustainable development tasks resolved by the board of directors.

II. Professional qualifications and experience of Sustainable Development Committee members, and committee operations:

(I) The Sustainable Development Committee has 5 members.

(II) Term of current Committee: November 4, 2022, to June 17, 2023. The Sustainable Development Committee was convened 0 times (A) in the last fiscal year. Committee members' professional qualifications. experience, attendance, and agenda are shown below:

Title	Name	Professional qualification and experience	Attendance in person (B)	Proxy attendance	Percentage of in-person attendance (%) (B/A) (Note)	Remarks
Convener	Johnson Lee	Work experience in commerce, law, finance and banking, accounting or necessary for company operation. Sustainability, risk management, information security, and nature-related governance.	Not applicable	Not applicable	Not applicable	
Committee Members	FY Gan	Work experience in commerce, law, finance and banking, accounting or necessary for company operation; climate change, human rights, occupational safety and health, supply chain, and related governance.	Not applicable	Not applicable	Not applicable	
Committee Members (Independent director)	Po-Young Chu	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	Not applicable	Not applicable	Not applicable	
Committee Members (Independent director)	Donald Chang	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution eligibility.	Not applicable	Not applicable	Not applicable	
Committee Members (Independent director)	Shi-Chern Yen	Work experience in commerce, law, finance and banking, accounting or necessary for company operation.	Not applicable	Not applicable	Not applicable	

Note: The first meeting of the 1st Sustainable Development Committee will be convened for the first time on May 4, 2023, and there have been no items on the agenda as of the date of publication for this Report.

3.3.6 Implementation status of sustainable development, deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations

Implementation Item	Current progress:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations
	Yes	No	Summary	
1. Does the company establish a governance structure for the implementation of sustainable development, along with a unit that specializes (or is involved) in sustainable development? Does the unit report to the Board of Directors with its operation delegated to the senior management?	●		To effectively promote sustainability initiatives as well as strengthen governance and oversight of sustainability performance, the establishment of a functional "Sustainable Development Committee" reporting to the Board of Directors was passed by the E Ink board of directors in November 2022. The responsibilities of the Sustainable Development Committee included the development of environmentally friendly products, green production and climate change response, employee development and occupational safety and health, corporate governance and ethical management, development of sustainable supply chain, stakeholder communication and social inclusion, and operating risk and opportunity risk management. The Sustainable Development Committee under the Board of Directors will interface with the existing operational-level "Corporate Sustainability Committee" to oversee the sustainability initiatives and implementation of the Product Sustainability, Green Manufacturing, Corporate Care Corporate Governance, Supply Chain, Projects and Stakeholders, and Risk Management working groups. The first Corporate Sustainable Development Committee will be convened in May 4, 2023.	Relevant
2. Does the company conduct risk assessments on environmental, social and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality?	●		The highly volatile nature of the global economy and politics as well as worsening climate change means that businesses must now content with environmental, social and governance risk factors. To strengthen our corporate governance and enforce risk management in our business operations, E Ink established a comprehensive "Risk Management Policy and Procedures" in accordance with the "ISO 31000 Risk Management - Principles and Guidelines" and the Financial Supervisory Commission's "Risk Management Best Practice Principles for TWSE/TPEx-listed Companies". The procedures were passed and implemented by the board in November 2022. By incorporating risk management practices into operating activities and routine management, the process to accomplish its corporate missions and goals such as improved management efficiency, more reliable information, and more efficient allocation of resources.	Relevant
3. Environmental topics (1) Does the company establish an environmental management	●		All E Ink Taiwan sites have obtained external third-party verification for ISO 14001:2015 environmental management system. Overseas sites have also progressively obtained	Relevant

Implementation Item	Current progress:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations
	Yes	No	Summary	
system appropriate for the nature of its industry?			third-party certification in recent years or plan to do so within three years. Further investments will also be made in environmental improvement management plans. Environmental management system now cover 75% of key production sites.	
(2) Does the company commit to improving energy efficiency and the use of renewable materials with low environmental impact?	●		The Company is continuing to make improvements on waste reduction in production processes and energy efficiency. Preference is also given to high-performance equipment with low energy consumption during the selection of production and plant facility systems. Chemicals from production processes are recovered and refined by the original supplier for reuse to improve our environmental, safety and health performance. Preference is given to the recycling of all reusable packaging materials and resource waste by their original suppliers, followed by the recycling through reclamation channels. Processing facilities capable of heat recovery should be preferred for waste that must be incinerated.	Relevant
(3) Does the company assess potential risks and opportunities associated with climate change, and adopt mitigating measures?	●		The 2°C or even more rigorous 1.5°C scenarios published by the International Energy Agency along with the investigations and judgments of E Ink's internal/external stakeholders, international research reports, and domestic/overseas industry trends were used to identify the potential physical risks, transformation risks and opportunities for E Ink due to the effects of climate change. Incidence and impact analysis were then conducted on the identified risks and opportunities to determine the appropriate mitigating measures for each type of risk and develop corresponding climate change strategies. The key climate change risks identified by E Ink in this manner included transformation risks from changes in renewable energy laws and increased demand renewable energy; and physical risks from increase in the severity of extreme climate; the corresponding management measures included: monitoring of regulatory changes, actively search for sources of green power, installation of power-generation equipment, voluntary compliance with laws and regulations, regular pipeline conduit maintenance, strengthening of emergency response drills, equipment upgrades and maintenance, supply chain risk management, establish secondary suppliers, monitoring of market information, to increase market sensitivity and adjust response strategies to reduce risk.	Relevant

Implementation Item	Current progress: Yes	No	Summary	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations
			Climate change opportunities included the development of new products or services, reduction in the use and consumption of water resources, and the recycling and reuse of resources through R&D and innovation. Corresponding management measures included: Expanding the design, application and innovation R&D of ePaper; Upgrade to energy-saving motors, eliminate leaking facilities, recovery and reuse of chemicals, and cooperating with suppliers on the recovery of chemicals and packaging materials.	
(4) Does the company maintain statistics on greenhouse gas emission, water usage and total waste volume in the last two years, and implement policies aimed at reducing energy greenhouse gas, water and waste?	●		At E Ink, we take environmental protection topics very seriously. We strive to practice pollution control and reduce the consumption of energy resources. An environmental safety and health management policy has been put in place with an annual management plan for water supply increase, wastewater recycling, energy conservation, heat recovery, waste reduction, and recycling programs. GHG and product carbon footprint audits are also conducted in response for the sake of energy efficiency and carbon reduction. The scope of the audits include all E Ink Taiwan, the primary production sites of overseas subsidiaries, and office locations. ● Third-party certification of ISO 14001 environmental management system has been obtained. ISO 14064-1 GHG emission inventories is conducted annually with third-party verification and verification statement. All sites in Taiwan have also introduced and obtained ISO 50001 energy management system certification. ● Statistics on all environmental data (GHG emissions, electricity usage, water usage, waste, emissions etc.) are collected, analyzed and fully disclosed. Tailored management targets and initiatives were also set for each plant with regular follow-ups and disclosure of their outcomes. The Company continued to implement carbon reduction initiatives every year in support of government policies and regulations on energy efficiency and carbon reduction. Our energy efficiency targets and action plans have produced tangible results. The Company began purchasing green electricity under the Voluntary Green Energy Pricing Trial Project of the Ministry of Economic Affairs in 2017. Planned purchases have been made every year since then. Renewable energy certificates that combine direct transmission and wheeling were also purchased from private power	Relevant

Implementation Item	Current progress: Yes	No	Summary	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations
			plants to demonstrate the Company's commitment to supporting green electricity, energy efficiency and carbon reduction. All GHG emission and environmental energy statistics and information are duly disclosed and published in the annual corporate social responsibility report or the ESG section of our corporate website. The annual corporate responsibility report undergo assurance by a professional third-party body.	
4. Social topics (1) Has the Company established relevant management policies and procedures in accordance with applicable laws and the International Convention of Human Rights?	●		E Ink complies with local laws and regulations at all of its operating locations worldwide. Internationally accepted human rights standards including the International Bill of Rights and the ILO Declaration on Fundamental Principles and Rights at Work are adhered to eliminate human rights violations and abuses. All employees, contract and temporary personnel, and interns are treated with dignity and respect. E Ink not only adheres strictly to the provisions of the Labor Standards Act in our employment, management, and cultivation of personnel but is also committed to respecting policies on human rights. All new employees in Taiwan must undergo training on human rights policies during their orientation. In 2022, 24 orientation training sessions were completed. 570 new employees completed 100% of all required training, and total training hours amounted to 5,530.13 hours.	Relevant
(2) Does the company define and implement reasonable employee welfare measures (including compensation, leave of absence and other benefits), and does employee compensation properly reflect business performance or results?	●		E Ink provides sound remuneration, carefully thought-out benefits and a high-quality living environment. We cultivate a friendly working environment to help employees maintain their work-life balance. A corporate culture based around employee accountability, teamwork and innovation is emphasized at E Ink. We value the contribution of every employee. The standard of compensation and benefits are regularly reviewed against local laws and market standards to design fair and competitive compensation for each position. We provide starting salaries that exceed the local minimum wage for all new employees. Nor do we discriminate on the basis of gender, race, religion, political affiliation, marital status, or membership of unions/community associations in compensation. To attract and retain quality talent, we offer performance and annual bonuses linked to business results and individual performance based on the principle of profit-sharing. E Ink considers employees to be our most important asset. We seek to offer a sound working environment, compensation and benefits for every employee around the	Relevant

Implementation Item	Current progress:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations
	Yes	No	Summary	
			world. There are also incentive mechanisms to reward employee contribution. According to the TWSE Market Observation Post System, employee compensation has kept pace with the Company's growing profits each year. Average salaries were all higher than our peers in the industry. Employ stock options were designed and stock recognition rules were passed by E Ink to realize the goal of incentivizing employees and their retention. Employee performance is linked to the Company's business activities in the hopes of sharing the fruits of success with employees. In addition to providing a safe, comfortable, and people-friendly working environment, employee health is a priority for E Ink as well. Regular employee health exams, cultural and educational seminars, company holidays, family days, and a wide variety of club activities are held at various times to enhance employees' quality of life.	
(3) Has the Company provided a safe and healthy work environment for employees, and related education on occupational safety and health for employees at regular intervals?	●		To ensure the safety of employees and maintain workplace safety, external verification on ISO 45001/TOSHMS was used to formulate and enforce appropriate operating procedures and guidelines. The Employee Health Management Regulations were formulated in accordance with the Occupational Safety and Health Act to manage the planning and execution of health exams as well as health promotion. Two types of work (working with hexane and lead) at Taiwan sites are defined as work with special health hazards under the Labor Health Protection Rules. Such employees undergo special physical exams before hiring or change of assignment, and at the end of each year as well. Those rated as level-2 or higher by the health report are registered for regular follow-ups by the infirmary. Individual consultations are also arranged for employees with health issues during on-site visits by the occupational medicine specialist. Recommendations are provided to the employee and the company by the specialist after reviewing the employee's routine work, environment, lifestyle habits and family history. In 2022, 150 people took part in on-site interviews with physicians. Three health seminars for special work were also held year to give special workers a better understanding of the health hazards.	Relevant
(4) Does the company implement an effective training program for employees to develop their career skills?	●		In terms of employee development, the Company sets great store by the cultivation and training of talent worldwide. Talent cultivation is based on systemic planning of core competencies. All online training has been consolidated under the E Ink University global online education platform from 2019. Personalized training programs are	Relevant

Implementation Item	Current progress: Yes	No	Summary	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations
			developed for each employee based on their role and position to improve their overall competitiveness. Physical training courses were also changed to online courses in response to COVID-19 so that employees could schedule their own training. The US plant is now conducting a learning experiment on the Python programming language to equip every employee with essential skills for a digital world. We hope to roll out this model to all global sites so that all E Ink employees will be better equipped to respond to trends in IoT and smart technology. The E Ink Global University was established in 2020 to provide E Inkers around the world with a wide variety of common basic training courses. These efforts resulted in employees taking part in internal training 19,298 times during 2022. Total training person-hours was in excess of 20,610.88 hours and more than 720 training sessions were held. Average satisfaction of online courses was 91.4% while average satisfaction for face-to-face courses was 94.6%.	
(5) Does the company comply with laws, regulations and international standards with respect to customer health, safety and privacy, marketing and labeling in all products and services offered, and implement consumer protection policies and complaint procedures?	●		All Company products conform to international standards and customer requirements. The Company also adheres strictly to codes of conduct and ethics in all internal and external business practices. Furthermore, the Company implements customer satisfaction survey and complaint handling procedures as means to enhance customer relationship and to secure long-term working relations. (1) Operating processes have been defined for every Company department. An internal quality assurance department has also been established to protect the rights of customers. Customer satisfaction surveys and feedback are used to understand the needs of customers and provide a reference for continuous improvement. This increases customer satisfaction by ensuring products meet customer requirements. Regular customer visits and review meetings are also held to keep the channels for communication open and ensure that customer requirements are fully understood. A monitoring system has also been implemented to ensure that the quality of products and serves meets customer expectations. (2) The Company strives to ensure that the components, parts, raw materials and packaging used by company products do not contain environment-related substances such as restricted substances or conflict minerals in order to comply with existing laws and regulations, satisfy customer requirements, protect the	Relevant

Implementation Item	Current progress:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations
	Yes	No	Summary	
			Earth's environment, and alleviate their impact on the ecosystem. Raw materials from suppliers are therefore required to conform with the following rules: 1.Registration, Evaluation, Authorization and Restriction of Chemicals (EU REACH) 2. Directive of Waste Electronic and Electrical Equipment (EU WEEE) 3. Directive of the Restriction of Hazardous Substances (EU RoHS) 4. No use of conflict minerals 5. The quality policy and objective of the Company in products and environment (established in accordance with applicable international legal rules and regulations and customer needs).	
(6) Does the company implement a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health or work rights/human rights issues, and track suppliers' performance on a regular basis?	●		The Company has defined supplier evaluation procedures that take into consideration CSR topics such as occupational safety and health management system, environmental impact assessment, health and safety, assessment of labor practices, and social impact assessment. All new suppliers are required to pass the aforementioned CSR evaluation while existing suppliers receive regular audits and counseling. Any significant negative impact on society will be reflected in the supplier evaluation and taken into consideration in future orders, transactions and audits. In addition, suppliers are assessed on their financial, environmental and social risks to facilitate early response and reduce the risk of supply chain disruptions. Under the supplier evaluation process, the purchasing unit must research prospective new suppliers and conduct a risk assessment. Supplier quality and punctuality must then verified to determine whether they can become a qualified supplier. Other units can then determine whether to engage in further cooperation. E Ink's management of new and old suppliers are based on standard evaluation procedures that serve as a guide for the development, evaluation and qualification of suppliers. Annual audits and quarterly assessments are conducted for long-term suppliers of raw materials to improve their manufacturing technology, quality standard, and management ability as well as reduce costs. Such cooperation represents a win-win outcome for the continuity of the Company's raw materials supply. In 2022, a total of 35 new and old suppliers will be audited (including 12 new suppliers	Relevant

Implementation Item	Current progress: Yes	No	Summary	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations
			and 23 existing suppliers). Due to the impact of the severe special infectious pneumonia (COVID-19) epidemic, some supplier evaluations have also been changed from on-site to online and written audits to complete new supplier evaluations. In 2022, the average supplier audit score will reach 86 points, and 100% of new suppliers will pass the standard screening.	
5. Does the company prepare a sustainability report or any report for disclosure of non-financial information based on international reporting standards or guidelines? Are the aforementioned reports supported by assurance or opinion of a third-party certifier?	●		This Report was prepared in accordance with the GRI Standards 2021 on sustainability reporting issued by the Global Reporting Initiative. Disclosures conformed to the SASB Standards issued by the IFRS Foundation. Climate risks and opportunities were disclosed in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) framework developed by the Financial Stability Board (FSB). This Report was verified by the British Standards Institution Taiwan (BSI Taiwan) in accordance with the spirit of AA1000 Assurance Standard V3 Type 2 - Moderate Assurance. The financial information cited by the Report is consistent with the 2022 Consolidated Financial Statements of E Ink, and was audited by Deloitte Taiwan.	Relevant

6. If the company has established sustainability principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles:

The relevant systems and regulations have been defined by the Company and duly implemented in the spirit of CSR.

7. Other information useful to understanding the implementation of sustainable development:

The first corporate sustainability report was published by E Ink in 2015 and has been published annually since then. The 2022 Corporate Sustainability Report will be published in July 2023. The Report will serve to disclose the Company's substantive actions and accomplishments in the corporate governance, product sustainability, green manufacturing, sustainable supply chain, corporate care, and projects and stakeholders aspects. It will also provide everyone with a more in-depth understanding of sustainability initiatives and eco-friendly products at E Ink.

(1) E Ink report website https://esg.eink.com/tw/report?year=all&page=1
(2) E Ink ESG website https://esg.eink.com/tw

I. Awards, Certifications, and Assessments

(1) Sustainalytics ESG risk rating of 19.2 (Low-risk)
(2) MSCI ESG rating of BBB
(3) EcoVadis sustainability assessment - Bronze medal
(4) Taiwan Sustainability Evaluation - AA rating
(5) Named one of the 2022 Asia-Pacific Climate Leaders by *Financial Times* and *Nikkei Asia*
(6) E Ink filled out the CDP climate change questionnaire for the first time in 2022 and was recognized with a B management rating.

Implementation Item	Current progress:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations
	Yes	No	Summary	
(7) Placed in the top 20% of TPEx-listed companies by the Corporate Governance Evaluation for four consecutive years from 2018 to 2022 (8) Certified by the International Dark Sky Association (9) Obtained product carbon footprint certification based on the ISO 14067:2018 international standard (10) Presented with three awards at the 2022 Asia Responsible Enterprise Awards (AREA) A. Green Leadership B. Social Empowerment C. Corporate Sustainability Report (11) Named one of the "Best Companies to Work for in Asia 2022" for two consecutive years as well as "WeCare™ - HR Asia Most Caring Company Award." (12) Named one of the Excellence in Corporate Social Responsible Top 100 companies - No.49 in Large Companies by the *Commonwealth* magazine (13) Presented with three awards at the 2022 "Taiwan Sustainability Action Awards" A. SDG 4 Quality Education - Gold Award B. SDG 7 Affordable Energy - Silver Award C. SDG 12 Responsible Consumption - Bronze Award (14) Presented with the "Platinum Award of Corporate Sustainability Reports", "Top 100 Taiwan Enterprise Sustainability Excellence Award", and "Growth Through Innovation Award" at the 2022 Taiwan Corporate Sustainability Awards. (15) Presented with the Cybersecurity Excellence Award by the Taiwan Panel and Solution Association (TPSA). (16) Presented with the Invention Contest– Bronze Medal at the Taiwan Innotech Expo. (17) "Outstanding Enterprise for Disclosure of Occupational Health and Safety Indicators in Corporate Sustainability Reporting" by the Occupational Safety and Health Administration, Ministry of Labor (18) Chosen as a constituent stock in the 2022 "Dow Jones Sustainability Index - World" (DJSI-World) ad "Dow Jones Sustainability Emerging Market Index (DJSI-Emerging Markets)" (19) Included in 2023 S&P Sustainability Yearbook, ranked in the top 10% for Global Electronic Equipment, Instruments & Components, and presented with Industry Mover award (20) Named a constituent stock in the MSCI Global Standard Index (21) Named as a Top 10 constituent stock in three Taiwan sustainability indices (22) TIP TPEx ESG ITE Total Return Index (23) TIP TPEx ESG Growth Total Return Index (24) TIP TPEx ESG HD TR Index (25) TIP TPEx ESG 30 Index **II. Domestic and Overseas Advocacy** (1) First display maker to join the RE100 global renewable energy initiative and commit to 100% renewable energy by 2030 (2) First company in Taiwan to sign "The Climate Pledge" (TCP) committing to achieving net zero by 2040 (3) Joined the Science Based Targets Initiative (SBTi) to commit to carbon reduction targets and net zero				

Implementation Item	Current progress:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations
	Yes	No	Summary	

(4) First display maker in the world to join EP100 committing to the introduction of the ISO 5001 energy management system at global production sites by 2030, and a doubling of energy productivity by 2040 compared to the baseline year of 2018

(5) Joined the "Low Carbon Initiatives" sponsored by the European Chamber of Commerce Taiwan

(6) Joined the "Race to Zero Campaign" launched by the United Nations Framework Convention on Climate Change (UNFCCC) and committed to achieving net zero carbon emissions by 2040.

(7) Signed "TCFD Supporter" statement committing to voluntary climate-related financial disclosures

(8) Joined the United Nations Global Compact (UNGC)

(9) Joined the "Temperature Rising Index for Pathways" set up by the Commonwealth magazine through industrial-academic cooperation and the first individual carbon disclosure platform in Taiwan to commit to carbon reduction targets

(10) Supported and backed the "Taiwan Nature Positive Initiative" platform set up by BCSD Taiwan to respond to world nature targets

(11) Joined "TALENT, in Taiwan" and committed to the six key indicators on talent sustainability action, namely: Purpose and Value, Diversity and Tolerance, Organizational Communications, Rewards and Incentives, Physical and Mental Wellbeing, and Talent Growth to maintain our sustainability competitiveness.

[Support Green Energy]

Our company actively responds to the government's promotion of renewable energy certificate trading. E Ink Holdings is the first manufacturing company in Taiwan to enter the renewable energy certificate trading market. Since 2017, we have purchased a total of 1,917 renewable energy certificates. Starting from 2020, in line with policy transformation, we became one of the first companies in Taiwan to complete the PPA-REC integration transaction. As of the printing date, E Ink Holdings holds a total of 3,660 renewable energy certificates (including 1,917 trading certificates), and we plan to continue purchasing certificates as a demonstration of our commitment to supporting green power and energy conservation.

3.3.7 Enforcement of business integrity, deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies

Items for evaluation	The pursuit			Variation with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary	
I. Establishment of the Ethical Corporate Management Policy and Action Plan				
(I) Has the company established a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the polices and practices it implements to maintain business integrity? Are the board of directors and the senior management committed to fulfilling this commitment?	v		The Company duly observes the Company Act, other applicable legal rules governing companies listed at TWSE and TPEx, and other laws governing commercial behaviors as the prerequisites for the implementation of ethical corporate governance.	Relevant
(II) Has the company developed systematic practices for assessing integrity risks? Does the company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	v		As stated in the internal control system and "Rules of Business Engagement" of the Company, Directors, employees and the parties with de facto control, shall not directly or indirectly offer, promise, request or accept unjustified benefits in any form in the pursuit of business integrity, including kickbacks, commissions, finder's fee, or offers or accept unjustified benefit from customers, agents, contractors, suppliers, public officials, or other stakeholders in any other means.	Relevant
(III) Has the company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?	v		The Business Integrity Code of Conduct was established by the company setting out the operating procedures, behavior guidelines, penalties for violations, and grievance mechanism. It is published on the corporate website (external) and employee intranet (internal).	Relevant
II. Integrity in business operation				
(I) Has the Company conducted assessment on the record of integrity of the counterparties and inscribed the integrity clause in the contracts binding the Company and the counterparties?	v		The Company engaged in business operation in fairness and transparency. Before proceeding to business transaction, the Company will consider the legality of the counterparties of trade, and if there is any record of unethical practice to avoid business transactions with parties having a record of unethical practice. Transaction counterparties are also asked to sign a Letter of Undertaking on Integrity to ensure ethical transactions between the two parties.	Relevant
(II) Does the company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis (at least once a year)?	v		HR Central Division is the competent unit responsible for the promotion of integrity management policy, education and training, receiving and processing of complaints at the Company. A periodic report (once a year) is made to the board on the measures for ethical management and prevention of unethical behavior, and the implementation of ethical management policy. A report was presented to the board on December 20, 2022.	Relevant

Items for evaluation	The pursuit			Variation with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary	
(III) Has the Company made the policy for the prevention of the conflict of interest, provided appropriate channel for reflection, and properly pursued such policy?	v		Directors and officers should recuse themselves from any conflicts of interests. The board's conflict of interest operations should be recorded in the annual report and the employee complaints mailbox (Appeal@eink.com) used for appeals.	Relevant
(IV) Has the company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct?	v		The Company has established an effective internal control system and accounting system to assure the effective design and implementation of the system. The Company has also appointed CPAs to conduct annual review and amendment to the system jointly with the auditors, and the implementation of corporate governance so as to establish sound mechanisms for corporate governance and risk control.	Relevant
(V) Has the Company provided internal and external trainings on topics of ethical corporate management at regular intervals?	v		The Business Integrity Code of Conduct was defined by the Company and we began training all personnel on the Business Integrity Code of Conduct in August 2020. All employees have now undergone "E Ink Business Integrity" training through the internal e-learning platform. New hires also scheduled for training once they report to the company to strengthen employee awareness on business integrity and ethics. In addition to continuing to conduct the "E Ink Business Integrity" online course, the "Business Integrity Case Studies" online course was introduced in 2022 to help employees understand the importance of adhering to the code through actual examples from other companies. The training was completed 1,450 times in 2022 with combined reading time of 483.3 person-hours. Senior managers are assigned to participate in business integrity conferences organized by the authority from time to time, ensuring its implementation in both internal management and external commercial activities.	Relevant
III. The reporting system of the Company in action				
(I) Has the Company established the system for reporting and rewards for the informants, and the channels for facilitating the reporting of unethical practices, and appointed appropriate personnel to conduct investigation on the suspects reported by the others?	v		Reports from internal (external) personnel on improper conduct of business, corruption, and graft, violation of company operating procedures, as well as recommendations on business improvements received by the Company are investigated by HR Central Division.	Relevant

Items for evaluation	The pursuit			Variation with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary	
(II) Has the company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?	v		Article 5 of the Company "Business Integrity Code of Conduct" detail the standard operating procedure for investigating whistle blower complaints, the measures to take once the investigation is completed, and the associated confidentiality mechanism.	Relevant
(III) Has the Company established related policies for the protection of the informants from undue treatment?	v		Article 5 of the Company "Business Integrity Code of Conduct" detail the standard operating procedure for investigating whistle blower complaints, the measures to take once the investigation is completed, and the associated confidentiality mechanism.	Relevant
IV. Information Disclosure				
Has the company disclosed its integrity principles and progress onto its website and MOPS?	v		The Company publishes annual report over its website and Market Observation Post System to disclose the progress of its integrity efforts.	Relevant
V. If the company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: The Company has implemented its "Business Integrity Code of Conduct" following board of directors' approval dated 2019.12.19. All systems and policies introduced in relation to business integrity are in alignment with integrity principles and have been enforced accordingly.				
VI.Other information useful to the understanding of integrity in business dealings: nil.				

3.3.8 The implementation of ethical corporate management and policies: E Ink educate employees the value of business ethics from time to time for strengthening the moral idea of integrity and anti-corruption to all and provide related training to demand all to observe the code of conduct. Any offense against the ethical norm shall be punished in accordance with the internal rules and regulations of the Company.

3.3.9 The method of inquiry shall be disclosed if the Company has established the Corporate Governance Best Practice Principles and related rules and regulations: refer to http://www.eink.com

3.3.10 Any other vital information that helps to understand the performance of corporate governance of the Company shall also be disclosed: refer to Section 8.8-8.11

3.3.11 The following shall be disclosed in the pursuit of internal control system:

1. Declaration of Internal Control: refer to Section 8.2
2. If CPAs are retained to audit the internal control system, disclose the Auditors' Report: none.

3.3.12 Penalty of the Company and its personnel by law, punishment of the personnel by the Company on violation of the internal control system in the most recent year to the date this report was printed, the major defects and the status of corrective action: none.

3.3.13 Major resolutions of the Shareholders Meeting and the Board in the most recent year to the date this reported was printed: refer to Section 8.7.

3.3.14 Adverse opinions of the Directors or Supervisors on motions passed by the Board on record or in written declaration in the most recent year to the date this report was printed, and the content of the opinions: none.

3.3.15 Resignation or dismissal of senior officers of the Company like the Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, and Chief R&D Officer: none.

3.4 Information Regarding the Company's Audit Fee and Independence

Audit Fee Information

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non - Audit Fee	Total	Remarks
Deloitte Touche Tohmatsu Limited	Hui-Min Huang	2022.01.01 ~2022.12.31	11,155	3,035	14,190	The fees for tax and consulting services, and others.
	Ya-Ling Weng					

3.5 Information on the replacement of CPAs in the last 2 years and beyond:

1. Information on preceding CPAs:

<table>
<tr><td>Date of reappointment</td><td colspan="4">Passed during the board of directors meeting held on May 6, 2022</td></tr>
<tr><td>Reasons and details of the reappointment</td><td colspan="4">Following an internal adjustment within Deloitte Taiwan, CPA Hui-Min Huang and CPA Ya-Ling Weng have been appointed to replace CPA Hui-Min Huang and CPA Chih-Ming Shao starting from the first quarter of 2022.</td></tr>
<tr><td rowspan="3">Whether the termination of audit service was initiated by the client or by the auditor</td><td colspan="2">Situation \ Parties involved</td><td>Auditor</td><td>Client</td></tr>
<tr><td colspan="2">Service terminated by</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">Service no longer accepted (continued) by</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Reasons for issuing opinions other than unqualified opinion in the last 2 years</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Any disagreement with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial report</td></tr>
<tr><td></td><td colspan="2">Audit coverage or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3">V</td></tr>
<tr><td>Description</td><td colspan="3"></td></tr>
<tr><td>Other disclosures (Disclosures deemed necessary under Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Guidelines)</td><td colspan="4">None</td></tr>
</table>

2. Information on succeeding CPAs:

Name of accounting firm	Deloitte & Touche (Taiwan)
Name of CPA	CPA Hui-Min Huang, CPA Ya-Ling Weng
Date of appointment	Passed during the board of directors meeting held on May 6, 2022
Inquiries and replies relating to the accounting practices or accounting principles of certain transactions, or any audit opinions the auditors were likely to issue on the financial reports prior to reappointment	Not applicable
Written disagreements from the succeeding auditor against opinions of the former auditor	Not applicable

3. Replies from the preceding CPAs on matters specified in 6.1 and 6.2.3 in Article 10 of this regulations: Not applicable.

3.6 Working in the capacity as the chairman, president, financial and accounting manager with the CPA office retained for auditing service or its affiliates in the most recent year: None.

3.7 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

3.7.1 Changes in Shareholding

Unit: Shares

Title	Name		2022		As of May 1, 2023	
			Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Johnson Lee	Representative of Aidatek Electronics Inc.	-	-	-	-
Director	S.C. Ho					
Director	Felix Ho					
Director	Luke Chen	Representative of Shin-Yi Enterprise Co., Ltd.	-	-	-	-
Director	CC Tsai					
Director	FY Gan					
Independent director	Po-Young Chu		-	-	-	-
Independent director	Donald Chang		-	-	-	-
Independent director	Shi-Chern Yen		-	-	-	-
Chairman	Johnson Lee		-	-	-	-
President	FY Gan		-	-	-	-
Senior Vice President	YS Chang		-	-	-	-
Vice President	Tung-Liang Lin		-	-	-	-
Chief Technology Officer	Ian Douglas French		(9,000)	-	-	-
Executive Vice President	Luke Chen		(150,000)	-	-	-
Vice President	Mano Lo		(90,000)	-	-	-
Vice President	JM Hung		(175,000)	-	-	-
Associate Vice President	Max Chen		(10,000)	-	-	-
Associate Vice President	Jim Chang		(253,000)	-	-	-
Associate Vice President	Jason Jan		(44,000)	-	-	-
Associate Vice President	Peter Peng		(67,000)	-	(7,000)	-
Associate Vice President	James Huang		NA		-	-
Chief Finance Officer	Lloyd Chen		-	-	-	-
Finance Center Accounting Director	Jimmy Lee		-	-	-	-
Corporate Governance Officer	June Su		(1,000)	-	-	-
Major Shareholders	YFY Inc.		-	-	-	-

Note: James Huang was appointed as the new Associate Vice President on July 1,2022.

3.7.2 The transferee of equity shares is a related party:

Name	Reasons	Transaction date	counterparty	Relationship between counterparty, company, directors, supervisors, executives, and shareholders holding more than ten percent of the shares.	Number of shares	Trading price
Luke Chen	Donation	2022.9.12	Hong Li Shan	Spouse	150,000	N/A
JM Hung	Donation	2022.12.28	Li Yi Zhun	Spouse	175,000	N/A

3.7.3 Information on related parties in equity transfer: None.

3.7.4 Information on related parties in equity pledge: None.

3.8 Relations among the Top 10 shareholders by quantity of shareholding.

2023/05/01

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
YFY Inc.	133,472,904	11.70%	-	-	0	0.00%	1.HUANG,KUN-XIONG	1.Representative of Juristic-person Director	
Representative：LIU,HUI-JIN	-	-	-	-	-	-	2.LUO,BING-JHENG 3.Shin-Yi Enterprise Co., Ltd.	2.Representative of Juristic-person Director 3.Juristic-person Director	
S.C. Ho	80,434,300	7.05%	0	0.00%	0	0.00%	1.Shin-Yi Enterprise Co., Ltd. 2.Hsinex International Corporation 3.HO,AN-JEN	1.Director and spouse of representative 2.Director and spouse of representative 3.Grandfather	
Shin-Yi Enterprise Co., Ltd.	32,842,345	2.88%	-	-	-	-	1.S.C. Ho	1.Director and spouse of representative	
Representative：C. J. Chang	0	0.00%	80,434,300	7.05%	-	-	2.Hsinex International Corporation 3.HO,AN-JEN	2.Juristic-person Director 3.Grandmother	
Labor Pension Fund	27,292,500	2.39%	-	-	-	-	None	None	
Hsinex International Corporation	27,012,127	2.37%	-	-	-	-	1.S.C. Ho	1.Director and spouse of representative	
Representative：C. J. Chang	0	0.00%	80,434,300	7.05%	-	-	2.HO,AN-JEN	2.Grandmother	
Cathay Life Insurance Co.,Ltd.	26,773,537	2.35%	-	-	-	-	None	None	
Representative：HUANG,TIAO-GUI	-	-	-	-	-	-			
YFY Development Corp.	23,326,296	2.05%	-	-	-	-	1.YFY Inc.	1.Juristic-person Director	
Representative：LUO,BING-JHENG	-	-	-	-	-	-			
Chung Hwa Pulp Corporation	20,000,000	1.75%	-	-	-	-	1.YFY Inc.	1.Juristic-person Director	
Representative：HUANG,KUN-XIONG	-	-	-	-	-	-			
Investment account of Norges Bank managed by Citibank Taiwan	15,209,497	1.33%	-	-	-	-	None	None	
HO,AN-JEN	14,647,000	1.28%	-	-	-	-	1.S.C. Ho 2.C. J. Chang	1.Grandson 2.Grandson	

3.9 Ownership of Shares in Affiliated Enterprises

December 31, 2022/Unit: Shares

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
New Field e_Paper Co., Ltd.	177,217,132	100.00%	0	0	177,217,132	100.00%
PVI Global Corp.	108,413,176	100.00%	0	0	108,413,176	100.00%
YuanHan Materials Inc.	183,819,268	100.00%	0	0	183,819,268	100.00%
Dream Universe Ltd.	4,050,000	100.00%	0	0	4,050,000	100.00%
Prime View Communications Ltd.	3,570,000	100.00%	0	0	3,570,000	100.00%
Enttek Co., Ltd.(Note 2)	2,203,161	47.07%	0	0	2,203,161	47.07%
Linfiny Corporation	1,680,000	4.00%	32,340,000	77.00%	34,020,000	81.00%
Plastic Logic HK Limited	223,655	2.40%	2,500,000	26.79%	2,723,655	29.19%
E Ink Japan Inc.	200	100.00%	0	0	200	100.00%
Integrated Solutions Technology, Inc.	9,896,402	26.20%	3,395,000	8.99%	13,291,402	35.19%

Note 1：Investment with equity method.

Note 2：Under liquidation.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

MM YYYY	Offering price	Authorized capital		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital stock	Investment in kind by assets other than cash	Others
July 2004	10	1,000,000	10,000,000	425,960	4,259,597	Capitalization of retained earnings into new shares amounting to NT$259,597 thousand	None.	July 21, 2004: Jin-Guan-Zheng(I)-Zi No. 0930132629
June 2005	10	1,000,000	10,000,000	548,435	5,484,353	Capitalization of retained earnings into new shares amounting to NT$1,224,756 thousand	None.	June 29, 2005: Jin-Guan-Zheng(I)-Zi No. 0940125990
May 2006	10	1,000,000	10,000,000	548,139	5,481,393	Decapitalization amounting to NT$2,960 thousand	None.	February 20, 2006: Jin-Guan-Zheng (III)-Zi. No. 0950105976
September 2007	10	1,000,000	10,000,000	582,760	5,827,596	Capitalization of retained earnings amounting to NT$233,113 thousand. ESO and convertible bonds conversion amounting to NT$113,090 thousand.	None.	September 17, 2007: (2007)Yuan-Shang-Zi No. 0960025503
January 2008	10	1,000,000	10,000,000	587,833	5,878,331	ESO and convertible bonds conversion amounting to NT$50,735 thousand	None.	January 17, 2008: (2008)Yuan-Shang-Zi No. 0970000871
April 2008	10	1,000,000	10,000,000	590,128	5,901,280	ESO conversion amounting to NT$22,949 thousand	None.	April 10, 2008: (2008)Yuan-Shang-Zi No. 0970009235
June 2008	10	1,000,000	10,000,000	590,534	5,905,341	ESO conversion amounting to NT$4,061 thousand	None.	June 27, 2008: (2008) Yuan-Shang-Zi No. 0970017534
September 2008	10	1,000,000	10,000,000	678,278	6,782,781	Capitalization of retained earnings amounting to NT$873,130 thousand. ESO conversion amounting to NT$4,310 thousand.	None.	September 3, 2008: (2008)Yuan-Shang-Zi No. 0970024760
January 2009	**10**	**1,000,000**	**10,000,000**	**748,313**	**7,483,128**	**Offering new shares through private placement amounting to NT$700,000 thousand. ESO conversion amounting to NT$347 thousand.**	**None.**	**January 20, 2009: (2009) Yuan-Shang-Zi No. 0980001762**
April 2009	10	1,000,000	10,000,000	750,227	7,502,270	ESO conversion amounting to NT$19,143 thousand.	None.	April 13, 2009: (2009) Yuan-Shang-Zi No. 0980009913
August 2009	10	1,000,000	10,000,000	830,227	8,302,227	Raising capital by issuing new shares amounting to NT$800,000 thousand.	None.	August 25, 2009: (2009) Yuan-Shang-Zi No. 0980023051
September 2009	10	1,000,000	10,000,000	832,602	8,326,016	ESO conversion amounting to NT$23,746 thousand	None.	September 7, 2009: (2009) Yuan-Shang-Zi No. 0980024687
January 2010	10	2,000,000	20,000,000	956,321	9,563,210	ESO conversion amounting to NT$26,957 thousand. Convertible bonds conversion amounting to NT$510,237 thousand.	None.	January 7, 2010: (2010) Yuan-Shang-Zi No. 0990000661
February 2010	10	2,000,000	20,000,000	1,060,468	10,604,680	Offering of preferred shares amounting to NT$1,041,471 thousand.	None.	February 3, 2010: (2010) Yuan-Shang-Zi No. 0990003179
March 2010	10	2,000,000	20,000,000	1,060,468	10,604,680	Conversion of preferred shares to common shares amounting to NT$1,041,471 thousand.	None.	March 12, 2010: (2010) Yuan-Shang-Zi No. 0990006406

MM YYYY	Offering price	Authorized capital		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital stock	Investment in kind by assets other than cash	Others
April 2010	10	2,000,000	20,000,000	1,073,586	10,735,856	ESO conversion amounting to NT$27,603 thousand. Convertible bonds conversion amounting to NT$103,571 thousand.	None.	April 12, 2010: (2010) Yuan-Shang-Zi No. 0990009479
July 2010	10	2,000,000	20,000,000	1,074,467	10,744,667	ESO conversion amounting to NT$2,590 thousand. Convertible bonds conversion amounting to NT$6,221 thousand.	None.	July 21, 2010: Yuan-Shang-Zi No. 0990020870
October 2010	10	2,000,000	20,000,000	1,075,118	10,751,180	ESO conversion amounting to NT$6,514 thousand	None.	November 17, 2010: Yuan-Shang-Zi No. 0990034114
December 2010	10	2,000,000	20,000,000	1,077,273	10,772,732	ESO conversion amounting to NT$21,552 thousand	None.	January 5, 2011: Yuan-Shang-Zi No. 1000000584
March 2011	10	2,000,000	20,000,000	1,078,495	10,784,953	ESO conversion amounting to NT$12,220 thousand	None.	April 20, 2011: Yuan-Shang-Zi No. 1000010702
August 2011	10	2,000,000	20,000,000	1,079,705	10,797,054	ESO conversion amounting to NT$12,101 thousand	None.	September 15, 2011: Yuan-Shang-Zi No. 1000027409
December 2011	10	2,000,000	20,000,000	1,080,142	10,801,418	ESO conversion amounting to NT$4,364 thousand	None.	January 17, 2012: Yuan-Shang-Zi No. 1010002102
March 2012	10	2,000,000	20,000,000	1,080,250	10,802,504	ESO conversion amounting to NT$1,086 thousand	None.	April 9, 2012: Yuan-Shang-Zi No. 1010010516
June 2012	10	2,000,000	20,000,000	1,080,398	10,803,981	ESO conversion amounting to NT$1,477 thousand	None.	July 9, 2012: Yuan-Shang-Zi No. 1010020074
August 2012	10	2,000,000	20,000,000	1,080,465	10,804,646	ESO conversion amounting to NT$665 thousand	None.	September 11, 2012: Yuan-Shang-Zi No. 1010028380
October 2012	10	2,000,000	20,000,000	1,080,896	10,808,962	ESO conversion amounting to NT$4,316 thousand	None.	November 12, 2012: Yuan-Shang-Zi No. 1010034764
March 2013	10	2,000,000	20,000,000	1,080,990	10,809,897	ESO conversion amounting to NT$935 thousand	None.	April 8, 2013: Yuan-Shang-Zi No. 1020009668
July 2013	**10**	**2,000,000**	**20,000,000**	**1,140,990**	**11,409,897**	**Offering new shares through private placement amounting to NT$600,000 thousand**	**None.**	**July 24, 2013: Yuan-Shang-Zi No. 1020022148**
June 2014	10	2,000,000	20,000,000	1,140,468	11,404,677	Cancellation of treasury shares amounting to NT$5,220 thousand.	None.	June 04, 2014: Zhu-Shang-Zi No. 1030016291
Aug 2021	10	2,000,000	20,000,000	1,140,405	11,404,047	Cancellation of treasury shares amounting to NT$630 thousand.	None.	Aug 20, 2021: Zhu-Shang-Zi No. 1100023756

Share / Class	Authorized capital			Remark:
	Outstanding shares	Unissued shares	Total	
Registered common shares	1,140,404,715	859,595,285	2,000,000,000	Stocks listed at TWSE or TPEx

4.1.2 Status of Shareholders

2023/05/01

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	5	42	480	91,318	1,038	92,883
Shareholding (shares)	9,150,696	41,812,402	377,556,309	330,207,093	381,678,215	1,140,404,715
Percentage	0.80%	3.67%	33.11%	28.96%	33.47%	100%

4.1.3 Shareholding Distribution Status

A. Common Shares

2023/05/01

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Percentage
1 - 999	46,093	4,282,581	0.38%
1,000 - 5,000	39,353	71,974,742	6.31%
5,001 - 10,000	3,602	28,006,256	2.46%
10,001 - 15,000	1,026	13,131,246	1.15%
15,001 - 20,000	597	11,041,850	0.97%
20,001 - 30,000	592	15,103,046	1.32%
30,001 - 40,000	266	9,419,242	0.83%
40,001 - 50,000	204	9,403,830	0.82%
50,001 - 100,000	415	29,959,214	2.63%
100,001 - 200,000	283	39,894,642	3.50%
200,001 - 400,000	176	50,694,884	4.45%
400,001 - 600,000	84	41,819,354	3.67%
600,001 - 800,000	41	28,347,576	2.49%
800,001 - 1,000,000	27	23,794,457	2.09%
1,000,001 or over	124	763,531,795	66.95%
Total	92,883	1,140,404,715	100.00%

B. Preferred Shares: None.

4.1.4 List of Major Shareholders

2023/05/01

Shareholder's Name	Shareholding	
	Shares	Percentage
YFY Inc.	133,472,904	11.70%
S.C. Ho	80,434,300	7.05%
Shin-Yi Enterprise Co., Ltd.	32,842,345	2.88%
Labor Pension Fund	27,292,500	2.39%
Hsinex International Corporation	27,012,127	2.37%
Cathay Life Insurance Co.,Ltd.	26,773,537	2.35%
YFY Development Corp.	23,326,296	2.05%
Chung Hwa Pulp Corporation	20,000,000	1.75%
Investment account of Norges Bank managed by Citibank Taiwan	15,209,497	1.33%
HO,AN-JEN	14,647,000	1.28%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: Thousand shares /NTD

Items	2021	2022	As of 2023/05/1
Market Price per Share (Note 1)			
Highest Market Price	153	255	212
Lowest Market Price	43.2	126.5	161.5
Average Market Price	84.37	182.20	186.83
Net Worth per Share (Note 2)			
Before Distribution	30.84	38.31	-
After Distribution	27.64	33.81	-
Earnings per Share (Note 3)			
Weighted Average Shares	1,137,384	1,140,405	-
Diluted Earnings Per Share	4.53	8.69	-
Dividends per Share			
Cash Dividends	3.20	4.50	-
Stock Dividends			
Dividends from Retained Earnings	-	-	-
Dividends from Capital Surplus	-	-	-
Accumulated Undistributed Dividends (Note 4)	-	-	-
Return on Investment			
Price / Earnings Ratio (Note 5)	18.62	20.97	-
Price / Dividend Ratio (Note 6)	26.37	40.49	-
Cash Dividend Yield Rate (Note 7)	3.79	2.47	-

* If there is a capital increase allotment from surplus or capital reserve, the market price and cash dividend information retrospectively adjusted according to the number of issued shares shall be disclosed.

Note 1: List the highest and lowest market prices of ordinary shares in each year, and calculate the average market price of each year based on the transaction value and transaction volume in each year.

Note 2: Please refer to the number of issued shares at the end of the year and fill in according to the resolution of the board of directors or the shareholders meeting of the following year.

Note 3: If retrospective adjustment is required due to free allotment, etc., the earnings per share before and after adjustment shall be listed.

Note 4: If the conditions for the issuance of equity securities stipulate that the unpaid dividends in the current year shall be accumulated to the year when there is a surplus, the accumulated and unpaid dividends up to the current year shall be disclosed separately.

Note 5: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 6: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 7: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 8: The net value per share and earnings per share should be filled with the information checked (reviewed) by the accountant in the most recent quarter up to the printing date of the annual report; other fields should be filled with the information of the current year up to the printing date of the annual report.

4.1.6 Dividend Policy and Implementation Status

1. The dividend policy of the Company is specified below:

   The Company is engaged in frontier technologies and adopted the residual dividend policy in supporting the long-term financial planning of the Company for sustainable development.

   If the Company has a balance after annual account settlement, appropriate for tax payment and covering carryforward loss, followed by the appropriation of 10% as legal reserve under law, and appropriation or reversal of special reserve. If there is still a balance, the Board will retain specific amount of earnings with reference to the capital budget planning of the future to meet the capital needs in the years ahead, and appropriate 50% of the remainder as dividend payable to the shareholders.

   The aforementioned distribution of income could be pooled up with the undistributed earnings accumulated in the previous year.

   Dividends to the shareholders may be paid in cash or in stock where cash dividend shall not fall below 10% of the total dividend payable to the shareholders of the year.

   The appropriation of legal reserve as mentioned in paragraph 2 could be waived if the amount is equivalent to the paid-in capital.

   With the attendance of more than 2/3 of directors in the Board Meeting and the resolution of more than half of the present directors, all or part of the dividends to be distributed shall be paid by issuance of new shares. The issuance shall be approved by the shareholders' meeting.

2. The proposal of dividend payment in this session of the Shareholders Meeting:

   The Board passed the proposal for the cash dividend in 2022 at a session dated February 23, 2023, and the dividend approved for distribution is shown below:

   (Pending on the final approval of the Shareholders Meeting scheduled to be held on June 29, 2023)

E Ink Holdings Incorporated

Table for the Distribution of Earnings in 2022

Unit: NTD

Item	Amount		Remarks
Earnings undistributed at the period-beginning		4,308,164,966	
Net income of the current year	9,911,749,742		
Adjusted retained earnings for investment due to the use of the equity approach	173,956,531		
Remeasurement of defined benefit plan recognized in retained earnings	(6,105,582)		
Disposal of investments in equity instruments at fair value through other comprehensive income	392,280,851		
Sum of current net income and non-net income items added to current unappropriated earnings		10,471,881,542	
Statutory surplus reserve set aside (10%)		(1,047,188,154)	
Distributable earnings for the year		13,732,858,354	
Items of distribution			
Cash dividends and bonuses for shareholders		(5,131,821,218)	NT$4.5 per share
Closing unappropriated earnings		8,601,037,136	

4.1.7 The influence of the payment of stock dividend proposed in this session of the Shareholders Meeting on the operation performance and earnings per share of the Company: Not applicable.

4.1.8 Employee Bonus and Directors' and Supervisors' Remuneration

1. The percentage and scope of remuneration to employees, Directors, and Supervisors as stated in the Articles of Incorporation:

   If the Company gains profits in the year, it shall set aside at least 1% of the profits as the remuneration for employees and set aside not more than 1% of the profits as the remuneration for directors. However, if the Company has accumulated loss, certain amount to offset such loss shall be set aside in advance.

   Remuneration to the Directors shall be made in cash. Remuneration to employees may be made in cash or stock. The employees of subsidiaries meeting specific condition are entitled to the remuneration. Such condition shall be determined by the Board under authorization. The ratio of remuneration to the Directors, the ratio of remunerations to employees and method of payment shall be determined by the Board in a session with the presence of at least two-thirds of the Directors and a simple majority of the Directors in session, and report to the Shareholders Meeting.

   Remunerations to employees and the Directors shall be calculated on the basis of the earnings of the current year (the balance of earnings before taxation before the deduction of remunerations to employees and Directors) net of accumulated deficit.

2. The estimation of the amount for the remunerations to employees, Directors, and Supervisors in current period is based on the quantity of shares paid as remunerations to employees in the calculation and the actual amount paid, and the accounting if there is a difference between the estimated amount and the actual amount:

   (1) The estimation of remuneration to employees in 2022 amounted to NT$111,550 thousand and to the Directors in the same year amounted to NT$40,000 thousand. The Board resolved to pay the aforementioned amount in cash in a session dated February 23, 2023 pending on reporting to the Shareholders Meeting for final approval on June 29, 2023.

   (2) If there is significant change in the amount stated in the consolidated financial statements before announcement, the accounting of the adjustment of the change is recognized as expense in the period. If there is still a significant change in the amount after the announcement of the consolidated financial statements, handle the account under the change in accounting estimation and entered for adjustment in the next fiscal year.

3. Remuneration passed by the Board:

   (1) The amount of remuneration to employees, Directors, and Supervisors in cash or stock. If the recognized amount of expense is different from the estimated amount, disclose the difference, the reasons and the response:

      A. The estimation of remuneration to employees in 2022 amounted to NT$111,550 thousand and to the Directors in the same year amounted to NT$40,000 thousand. The Board resolved to pay the aforementioned amount in cash in a session dated February 23, 2023.

      B. There is no difference between the amount of remuneration passed by the Board and the amount of recognition in the year.

   (2) The ratio of amount of remuneration to employees paid in cash to the sum of the net income and remuneration to employees in current period: not applicable.

4. The actual payment to employees, Directors, and Supervisors in the previous year:

Item	Amount
Employees’ compensation	53,800,000
Remuneration of directors	25,000,000

There is no difference between the actual amounts paid and the recognized amounted.

4.1.9 Buyback of Treasury Stock: None.

4.2 Corporate Bonds: None.

4.3 Preferred Stock: None.

4.4 Global Depository Receipts

Item \ Issue date			2009/12/11
Issuance and listing			Luxembourg Stock Exchange
Unit issuing price			USD165,012,400
Units issued			USD23.5732
Quantity of Issuance			7,000,000 units
Source of negotiable securities			The Company's common shares held by capital increased in Cash
Quantity of negotiable securities			70,000,000 shares
Rights and obligations of GDR holders			Same as those of common share holders
Trustee			-
Depository bank			CITIBANK,NA
Custodian bank			Citi Bank, Taiwan
Outstanding balance(2023/03/31)			173,005 units
Treatment of expenses incurred at issuance and thereafter			Issue cost: amortized by the issuing companies and shareholder participants according to the actual shares issued Expenses incurred after issuance: amortized by the issuing company.
Important conventions about depository and escrow agreement			Detailed contract
Market price per unit (USD)	2022	Highest	81
		Lowest	44.2
		Average	62.6
	Current year to 2023/03/31	Highest	69
		Lowest	53.5
		Average	61.25

4.5 Employee Stock Options

4.5.1 ESO before maturity shall be disclosed to the date this report was printed and the influence on shareholders' equity:

Types of ESOP	2021 (I)	2021 (II)
Date of approval by the competent authority	2021/04/08	2021/04/08 2021/06/01
Issue date	2021/08/11	2021/10/04
Number of units issued	3,890 units	6,110 units 10,000 units
The ratio of issued and subscribed shares to the total number of issued shares	0.34100%	0.53577% 0.87688%
Subscription period	2023/08/11-2027/08/10	2023/10/04-2027/10/03
Method of performance	issue new shares	issue new shares
Restricted subscription period and ratio	40% after 2 years 70% after 3 years 100% after 4 years	40% after 2 years 70% after 3 years 100% after 4 years
Number of shares acquired (shares)	0	0
Executed subscription amount (NTD)	0	0
Number of outstanding subscriptions (shares)	3,890,000	16,110,000
Subscription price per share for unexecuted subscribers (NTD)	77.2	69
The ratio of the number of outstanding subscriptions to the total number of issued shares	0.34111%	0.53577% 0.87688%
Impact on shareholders' equity	The issuance of ESOP is to attract and retain the talents needed by the company, as well as motivate employees and enhance their centripetal force. Although the shareholding ratio of the original shareholders has been diluted, looking forward to the future, it can retain and motivate employees to create the interests of the company and shareholders. The original shareholders will also benefit from this.	

4.5.2 The names of the managers and the top 10 employees who have acquired ESO over the years to the date this report was printed, their status of acquisition and subscription of shares from the ESOP

The Company offered ESO on August 11, 2021, and October 4, 2021, and the stock options can be exercised between 2023 ~ 2027.

2022/12/31

	Title	Name	Number of shares acquired	The ratio of subscribed shares acquired to the total number of issued shares	Executed				Unexecuted			
					Number of subscribed shares	Subscription price	Subscription amount	The ratio of shares acquired to the total number of issued shares	Number of subscribed shares	Subscription price	Subscription amount	The ratio of shares acquired to the total number of issued shares
Manager	Chairman	Johnson Lee	3,354,000	0.294%	0	69.0-77.2	0	0	3,354,000	69.0-77.2	236,706,800	0.294%
	President	FY Gan										
	Chief Technology Officer	Ian French										
	Executive Vice President	Luke Chen										
	Senior Vice President	YS Chang										
	Chief Finance Officer	Lloyd Chen										
	Vice President	JM Hung										
	Vice President	Mano Lo										
	Vice President/Fellow	Tung-Liang Lin										
	Associate Vice President	Jim Chang										
	Associate Vice President	Max Chen										
	Associate Vice President	Peter Peng										
	Associate Vice President	Jason Jan										
	Associate Vice President	James Huang (Note)										
	Director	June Su										
	Director	James Huang (Note)										
Staff	CTO	Huitema, Hjalmar E	2,320,000	0.203%	0	69.0-77.2	0	0	2,320,000	69.0-77.2	163,991,400	0.203%
	AVP	Zang, HongMei										
	AVP	O'Malley, Timothy J.										
	AVP	Du, Hui										
	AVP	Kumar, Samir										
	Fellow	Telfer, Stephen										
	CBOO	Apen, Paul G.										
	Deputy Director	Simon Hsin										
	Senior Director	Jason Chiang										
	Senior Director	David Liu										

Note: Director James Huang has resigned on August 20,2021; Associate Vice President Chin-Ming became the Chief Cybersecurity Officer on July 1, 2022.

4.6 The Offering of Restricted Stock: None.

4.7 Merger and acquisition, and acceptance of assigned shares from other Company for issuing new shares: None.

4.8 The implementation of the fund utilization plan: Not applicable.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

1. Primary Business Activities

   E Ink Holdings Inc., the world leader in ePaper technology, engages in the research, development, manufacturing and sale of materials and display devices related to electronic paper (ePaper) technology, e.g., Front Plane Laminate (FPL) Film and E-Paper Display (EPD).

2. Revenue Mix

Year / Product	2022	
	Revenue (NT$1000)	Percentage(%)
IoT applications	17,779,401	59
Consumer electronics and others	12,281,108	41
Total	30,060,509	100

3. Main products and applications

   Consumer electronics and IoT application products account for the bulk of E Ink's business. Applications include eReaders, electronic shelf labels (ESL), eNotes, ePaper mobile devices, and digital signage.

4. New Products and Services planned for development

   There are five major trends in E Ink's product:

   A. To leverage the paper-like and eye friendly features of ePaper to strengthen the development of reading and handwriting applications market products such as eReaders and eNotes.
   B. To leverage the low power consumption of ePaper to strengthen the development of IoT product applications such as ESL, mobile devices, smart logistics, and digital signage. There is growing acceptance of batteryless smart logistic labels as well.
   C. Continue to develop evaluation kits and turnkey solutions of ePaper to enable customers to facilitate the introduction of new products and the development of new applications.
   D. To develop and introduce new materials and processes that enhance the performance and specifications of ePaper modules to better meet market demands and increase product competitiveness.
   E. Strengthen strategic cooperation and cross-industry alliances with domestic/overseas companies, invest technology and resources together to develop the application of low-power and low-carbon ePaper display technology and lay down the foundation for sustainable management.

5.1.2 Industry Overview

1. Current industry trends and outlook

   The development of ePaper can be traced back to the early 1970s. The "electronic ink" familiar to us today was developed at the Massachusetts Institute of Technology in 1996. ePaper technology went through a long phase of research, development, prototyping, and pilot production before finally entering mass production in 2008. E Ink not only worked to ensure its continuous technological leadership, expand patent portfolio and deeply cultivating the ePaper industry, but also brought together global talents, technologies, and resources from Taiwan, China, US, and Japan to establish a comprehensive layout of ePaper technology.

   Attributes of ePaper include paper-thinness, ultra-low power consumption, wide viewing angle, bistabe, visible under strong light, and flexible. The potential of ePaper in applications other than eReaders has been widely recognized by the market as well. Demand for ESL continues to grow and acceptance has expanded to major retailers in Europe and US. The requirement for low-power consumption makes ESL a natural fit for IoT applications as well, so there is strong growth potential.

   eReader and eNote products for reading and writing now range from 7.8” to 13.3" (approximately A6 to A4 size) and can be used in the business and education markets. In addition to existing customers, a number of major international vendors have also rushed to launch ePaper and eNote products with more features and functions in recent years. Products on the market are becoming thinner. Market acceptance for the products is also rising, which is reflecting multiple growth in shipments.

Applications such as Digital Signage and digital walls come in two display modes: full color and monochrome. Not only enables the traditional advertising paper to evolve into a more diversified performance, but also opens up a new market for green display technologies. Furthermore, the E Ink Prism™, a color changing ePaper, has a variety of architectural applications such as digital dynamic architectural sculptures.

As the product applications and ecosystem of ePaper technology continues to develop, E Ink play a key role in the overall supply chain and remains the industry leader in terms of technology and production capacity via continuous innovation and investment of resources.

2. The ePaper Display Supply Chain

Upstream	Color Pigment, PET Film, TFT Substrate, Driving IC, PCB, Front Light Module, Touch Panel, Timing Controller, Touch IC, AP System, microcontroller
Midstream	FPL Film, EPD
Downstream	Module Manufacturers, System Manufacturers, Brand Customers

3. Product Development Trends

(1)eReader

E Ink released the 8” advanced color ePaper (Gallery™ 3) in 2022 to enhance the experience of using color eReaders. The advanced color ePaper (Gallery™ 3) not only improves the response time, but also enhances color saturation and reflectance, letting users soak in the joy of reading color content in ambient light. In 2023, We expect the successive release of eReaders equipped with advanced color ePaper in various regional markets worldwide. The advanced color ePaper (Gallery™ 3) supports handwriting too. Users can jot down their thoughts while reading. In addition to the advanced color ePaper (Gallery™ 3), E Ink offers another ePaper technology, print color technology E Ink Kaleido™. The third generation Kaleido™ 3 that we exhibited at Touch Taiwan has already entered the mass production stage. Kaleido™ 3 also uses E Ink ComfortGaze™, a front light technology that protects the eyes, reduces the amount of blue light, and boosts the optical and color performance of Kaleido™ 3. The screen size of the mainstream products is primarily 7.8”. Sizes will extend to 10.3” and beyond in the future.

In the realm of classic black-and-white e-book readers, the sizes of mainstream models have evolved to range from 6.8 to 7 inches. In the high-end segment, following the launch of 10.3-inch models with handwriting capabilities by major e-reader brands in the fourth quarter of last year, a trend toward larger-sized e-book readers with added handwriting functionality has been established.

A study conducted by the Harvard School of Public Health compared the detrimental effects of display screens and blue light on eye health. The research indicated that brighter, bluer, or colder light imposes higher stress on retinal cells. E-paper devices without front lighting do not emit any blue light that could stimulate retinal cells. E Ink's e-paper, combined with E Ink ComfortGaze™ front lighting technology, is three times better for eye health than LCD screens. Despite the global economic slowdown and relatively conservative demand expected this year, the new highlights of e-readers are still capable of stimulating further demand and adding momentum to the post-pandemic era.

(2)Electronic Shelf Label (ESL)

As smart retail applications and technologies mature, stock management and price labeling in physical stores can entirely rely on ESL technology to achieve real-time price changes and updates, achieve inventory management benefits through backend management system connections, enhance price management, and improve the shopping experience. Given the labor shortage caused by COVID-19 and the rapid change of supply and demand of materials caused by inflation, product prices fluctuate rapidly. As labor costs gradually increase and online and offline shopping becomes more and more frequent, retailers must rely on ESL to change prices, optimize inventory management, and update promotions to all stores over cloud transmission in real-time. Unlike traditional printed paper labels, ESL can deliver real-time updates through wireless transmission from any location. Therefore, it offers better speed and efficiency and eliminates human error on price changes. Accurate price updates not only reduce the chance of mispricing, but also improve the speed of price response, update promotional prices and information in real-time, increase customer satisfaction and the store's image, and substantially reduce expiring inventory and waste in a very competitive market. ESL can also reduce the labor cost of replacing labels and other operating and management costs. ESL is the cornerstone of digital and smart retail. In addition to displaying prices and promotions in stores, it can also be extended to intelligent inventory management, factory/warehouse logistics, and hospital use. As ESL can be read remotely through wireless means, a large amount of data can be accessed to facilitate inventory management. Automatic notifications can also be sent through the backend management system when products approach their expiration dates. When ESL is used in unmanned stores, the labels placed on the product shelves can be dynamically updated and the latest product information can be displayed, which is in line with the new trend of smart retail.

ePaper offers the advantages of lightweight and power-saving. Not only does it have similar effect to paper but offers incredibly useful features such as enabling users to update product pricing from any location dynamically. Through wireless data transmission, ESL can perform real-time information updates and improve accuracy and efficiency. In wholesale stores or large warehouses, ESL using ePaper technology is aligned with the automation and smart management trend for goods management.

The bistability attribute allows ePaper products to consume power only when data is written and updated, means no power consumption as long as the displayed data does not need to be updated. This advantage is in line with the general trend of energy saving. It also helps retailers reduce the cost of replacing traditional printed labels. In addition unlike LCD monitors, ePaper displays and have viewing angles of 180-degrees, even if it is tilted sideways.

In addition, to cater to different applications of electronic shelf labels, E Ink Technology has not only developed general black and white dual-color electronic paper but also introduced other variations. These include low-temperature electronic paper suitable for freezer cabinets, as well as black, white, red, and black, white, yellow three-color electronic paper used for special offers or promotions. In 2020, E Ink Technology launched the E Ink Gallery Palette™ 4000, which offers seven colors. They also released the latest generation of black, white, red, and yellow four-color electronic paper Spectra™ 3100 in 2021, followed by the black, white, red, yellow, and orange five-color electronic paper Spectra™ 3100 Plus in 2022. In 2023, they introduced Spectra 6, a color electronic paper technology. These products are suitable for in-store advertising, indoor signage, or as replacements for any paper-based posters. The E Ink Spectra 6 is a full-color product that provides unprecedented color saturation and vibrancy on reflective displays, rivaling the color performance of today's most advanced paper-based color printers. It is expected to offer retailers more diversified display content, enhance operational capabilities, and create better sales performance. In addition to battery-powered electronic paper products, E Ink Technology also offers low-voltage-driven electronic paper shelf label solutions. Compared to wireless transmission in large stores, this battery-free solution is more suitable for small shops, as it eliminates the need for interior renovations or hardware installations. It only requires a smartphone with NFC functionality to change the label content at any time. In response to the demand and expectations for color electronic paper in the end-user market, E Ink Technology continues to develop more color electronic paper products, providing the market with a greater variety of choices and solutions.

(3) eNote

The eNote technology offers the advantages of both ePaper's low power consumption and reading comfort, while also supporting handwriting. E Ink's eNote product enables paper writing features and the product development trend is moving towards larger sizes. With data editing, storage, and data management functions, eNote allows users to enjoy the benefits of ePaper technology and improve user's overall productivity. The eNote product is lightweight and durable. It is easy to carry even when it is in a larger sizes such as the 13.3" (A4).

The products are targeted at North America, Europe, Japan, and China. Initially promoted in professional and commercial applications, the product has gradually made its way into the education market and is being used to replace traditional paper-based written exams. The eNote is also popular with consumers interested in technology.

In professional and commercial applications markets, smart office eNote that combine voice recognition, speech-to-text editing, and handwriting recognition technology have been introduced as a daily working tool to boost user productivity. In the smart education market, E Ink's ePaper combined with digital handwriting technology provides a solution for eye-friendly reading, convenient writing, and smart learning. To meet the need for color notes and annotations, E Ink launched a new generation of E Ink Kaleido™ Plus in 2021, which provides rich and sharp graphics and text notes. E Ink also launched the E Ink Kaleido™ 3 color ePaper in 2022, which improves the image reading experience with 16 levels of grayscale and 4096 colors having a 30% increase in color saturation.

The growing number of students in basic education and on-the-job training worldwide has accelerated the development of eye-friendly eNote products, furthermore, the COVID-19 pandemic has catalyzed the rapid growth of digital learning environments, thereby accelerating the deployment of eye-friendly eNote products. The E Ink Kaleido™ Plus color ePaper modules have recently obtained the "Paper Like Display" certification from TÜV Rheinland, an international certification organization. This certification attests to the reading comfort and safety of the paper-like display. The advanced color ePaper (Gallery™3) can serve as an eReader and an eNote. Additionally, an emerging trend is the increasing availability of color eNotes. As a result, the future prospects of the education market in China, India, and Japan appear to be favorable.

E Ink is committed to developing new technologies that enhance product performance and add more features, expanding its product portfolio. The company collaborates with customers and partners to improve software functions that enhance the user experience. The company combines AI features such as handwriting and speech recognition, not only for the smart education market but also for smart office environments and academic seminars and conferences. E Ink continues to promote the application of smart paperless total solutions in professional fields such as the legal, financial, and healthcare industries. The eNote market is expected to experience steady growth in the future.

(4)Smart Display Card

The shift in consumption towards online and mobile shopping in recent years has led to an increase in credit card fraud that damages the finances and reputation of credit card issuing agencies. Most credit card fraud comes from card-less transactions such as online shopping and non-contact payment. Since 2006, the world's major financial security product and service providers have been developing functions like dynamic display or biometrics to enhance credit card security. There are also all-in-one smart cards that can hold all of a consumer's credit cards, membership cards or reward cards on one card. Some smart cards even come with an embedded discount coupon code display function to maximize its utility and provide more value to consumers.

To combat the ever-growing credit card fraud, financial institutions and credit card companies are exploring hardware and software solutions to offer customers more secure credit card products. One of the key features being implemented is the use of electronic paper on the back of credit cards for dynamic display verification codes. With the introduction of DCVV cards, it is expected that the function of synchronizing updates with banks every 30 to 60 minutes will prevent the theft and misuse of the three-digit code (motion code) on the back of credit cards. This measure will effectively reduce losses. By providing credit cards with embedded electronic paper displays that update the dynamic security code every 60 minutes, credit card companies can effectively prevent unauthorized individuals from copying credit card numbers for fraudulent transactions online and through mobile devices. Furthermore, electronic paper offers characteristics such as thinness, low power consumption, durability, and high contrast, making it the most suitable technology for smart card applications. In recent years, with the popularity of virtual currency like Bitcoin, the combination of electronic paper displays and cold storage technology has emerged as a trend in the form of Bitcoin wallet cards. Leading cryptocurrency manufacturer Ledger has also introduced cold wallets with electronic paper displays. Chip giant Infineon has invested in the development of related chip applications that can drive color dot matrix electronic paper. In the future, these cards may integrate advertising, loyalty points display, and QR codes. Touch IC manufacturer Elan Microelectronics is also actively integrating related technologies, contributing to the development of a complete card supply chain.

China has begun throwing its weight behind the introduction of the digital Renminbi (E-CNY). All the buzz surrounding the Winter Olympics suggest that cards with embedded display functionality will have tremendous future potential.

(5) Luggage/Logistic Tag

ePaper displays are bistable, reflective, low-power, readable in direct sunlight, flexible and pressure-resistant, with a viewing angle of nearly 180 degrees. Aviation and logistic industries in developed countries like Europe, the US, Japan have been investing in integrated logistics and luggage tag solutions that use ePaper as the primary display in recent years.

The aviation industry, for example, transports more than 3.5 billion people a year. Each year, lost luggage costs the airlines up to tens of billions of dollars in compensation. How to effectively track luggage while keeping manpower, energy and paper costs down has become the most pressing issue facing the aviation industry today.

The current system solution integrates EPD and wireless transmission technologies such as Bluetooth or Near Field Communication (NFC) to transmit and receive the ID code assigned to the luggage's flight. Passengers and flight details are also displayed on the tag. The system offers airlines an effective way of tracking luggage and troubleshooting problems during luggage transport.

More airline companies will join this platform in the future to effectively improve and upgrade the travel experience for all the travelers around the world together. Coupled with post-COVID-19 life changes, the contactless travel experience is faster and the demand for electronic luggage tags is also in the logistics industry. The logistics industry consumes billions of sheets of paper every year for tags. To save manpower, energy and paper as well as become greener, many logistics-related companies are looking at switching from conventional paper to EPD-based logistics tags. Wireless technology will also be integrated to create a total solution for centralized control and monitoring of goods status. ePaper luggage/logistics tags will both conserve the paper, energy and manpower needed for tag replacement. They will also allow luggage/goods to be monitored remotely to significantly reduce the overall travel/logistics time and financial costs. Their adoption by the global airline and logistics industries is only a matter of time.

Outside of logistic applications, ePaper for employee ID badges has been accepted by the market as well. Basic access control can be complemented with personnel location and movement analysis. If combined with AIoT+5G and big data, it can even be used to provide intelligent factory solutions.

The National Development and Reform Commission of China's public backing of re-usable courier packaging has created a window of opportunity for the digitization of courier way bills. Ecosystem partners are now working actively to take advantage of this opportunity by developed electronic way bills and logistics tags with Bluetooth locks that can be reused and support trusted delivery, and strengthen the planning of pilot projects to facilitate the implementation of policies. Currently, we are taking further steps to collaborate with large appliance retailers to address their pain points. We are utilizing electronic paper manifests in conjunction with reusable logistics containers to provide services for the transportation and full traceability of returned products from end customers. We have initiated a pilot program in Chongqing to test this service.

(6) Mobile Device

For dual-screen applications, EPD was introduced to the innovative product sector of PC Convertibles by offering a new 3-in-1 user experience that combined dynamic keyboard, handwriting and reading in 2018. This year, the embedding of EPD into the outer surface of notebook computers to provide consumers with more novel experiences caught the market's imagination. A number of form-factors were progressively rolled out for single-screen mobile phone products. Conventional monochrome display models have also been joined by mobile phones with color displays (E Ink Kaleido™).

In addition to the convenience of portability and the eye-friendly nature of electronic paper screens, Lenovo continues to integrate electronic paper screens into its laptop products. From the touch-sensitive keyboard on the C-side to the display screen on the A-side, Lenovo showcased the Thinkbook Plus Twist at this year's CES, featuring a flip design and equipped with E Ink Kaleido™. It has received high praise for its innovative features.

(7) Digital Signage

In the IoT world, where information is everywhere, the ability to provide useful and accurate information at the right moment is very valuable. Drawing on the existing strengths of ePaper, such as low-power, readability in direct sunlight and paper-like attributes, E Ink has secured a commanding advantage in the Digital Signage market.

Digital Signage has many applications in public places such as public transport, gas stations, retailers, the education industry, smart medicine, healthcare industries, museums and libraries. ePaper Digital Signage is clearly readable in direct sunlight. It can even run on solar power and be updated through the existing network without the need for complex and expensive construction. ePaper Digital Signage is ideal for installations in urban areas and suitable for installation in remote areas or places with no power lines. Environmental impact was an important consideration for commercial users and governmental agencies assessing the installation of digital signage. ePaper's exceptionally low power consumption makes ePaper Digital Signage an excellent choice as an environmentally sustainable green product. ePaper Digital Signage System's minimalist design requires no additional components such as fans or air-conditioning. It can therefore be made lighter, more compact and easier to install. Under certain circumstances, they can even be installed onto existing infrastructures. Benefits include quick installation as well as a reduction in the total cost of installation and ownership.

Digital Signage solutions are generally expected to operate over a number of years once installed. Total Cost of Ownership (TCO) is a key factor determining the Return on Investment (ROI). Owing to its extremely low cost in power consumption and maintenance as well as ease of installation, and long-term reliability, ePaper Digital Signage serves as a sustainable solution offering both low TCO and exceptional outdoor readability. Grow demand for Digital Signage plus E Ink's product advantages in the market should see it make a very significant contribution to Company revenues over the next few years.

Most of the growth in demand for Digital Signage currently comes from Asia, Europe and North America. Most signs are still static paper products for now and can only be replaced manually. Demand from signage replacement has helped E Ink establish a solid foothold in the growing digital signage market. We've also improved on the existing monochrome ePaper-based digital signage by adding more colors. The E Ink Gallery™ colorized ePaper signage available in multiple form-factors marked our official entry into the colorized market.

COVID-19 has impacted tenders for public transportation to a certain extent. Nevertheless, the energy-efficiency and portability of EPD make it well-suited for displaying public health information. Many customers now use ePaper Digital Signage to communicate quarantine measures to the population as part of the total quarantine program. E Ink partners are actively investing in various fields. Color ePaper, for example, has been used inside the carriages on the Taipei MRT Blue Line. At the same time, the Taipei, Taoyuan Airport, and Kaohsiung MRTs are also interested in the portability of ePaper. They have installed ePaper passenger information displays in the MRT stations successively. Portable ePaper display systems at the Penglai Cruise Terminal can respond to changes in visitor numbers to reconfigure and optimize pedestrian flow. These are all excellent examples of real-world applications. In addition to the rail transit case in Taiwan, there are also ePaper information boards in train cars and platforms in Europe.

E Ink has been actively collaborating with major brands, and this year has seen further progress. Firstly, Philips launched the Philips Tableaux series of color signage using the 3" Gallery Plus. It made its debut at the 2023 ISE exhibition and was honored with the "2023 ISE Best of Show AV Technology" award. The product received high praise and sold out quickly after its release. Additionally, signage giant Sharp also introduced several electronic paper products this year, which attracted significant attention at the ISE exhibition. In March, Sharp issued a press release, officially announcing its commitment to developing and selling electronic paper products.

In the field of healthcare, E Ink and its partners have been exhibiting at the Medical Technology Exhibition in December for three consecutive years, showing good progress. Examples include the adoption of the 13.3" Gallery Plus bedside cards at Hsinchu National Taiwan University Hospital and the use of the 25.3" Gallery Plus for large ICU bedside cards. These are the largest bedside card applications in Taiwan's medical field.

Automaker BMW unveiled an innovative application of E Ink Prism™ on the surface of cars at CES 2022, allowing car owners to change the color and patterns of the car's body through a mobile app, opening up infinite possibilities. This sparked significant market demand, with inquiries pouring in from leading companies in various fields. At CES 2023, BMW once again incorporated Prism 3, integrating color electronic paper into the car's body, showcasing the BMW i VISION Dee and further elevating the popularity of color electronic paper. Electronic paper is not limited to car surfaces but can be applied to various objects such as motorcycles, bicycles, refrigerators, televisions, monitors, laptops, and any other surface. E Ink's slogan is "We make surfaces Smart and Green™."

At the Touch Taiwan exhibition this year, E Ink showcased a range of new technologies, including Spectra 6 and Kaleido 3 Outdoor. Collaborating with partners, E Ink continues to add new value to electronic paper displays. It is expected that the application of electronic signage will continue to expand, and collaborations with customers from different fields will enhance the visibility and business growth of E Ink's products and technologies in the market.

4. Competition

E Ink is the uncontested world leader in ePaper technologies and products. EPD products are applied to the eReader market, where E Ink has a very high market share. Major eReader brand suppliers worldwide all use the EPD produced by E Ink. ePaper has been gradually replacing LCD products in ESL in recent years due to the characteristics and advantages of ePaper; penetration is also rising annually. Moreover, E Ink is leading in EPD in digital notebooks and is working with new customers to launch various products.

E Ink has many years of experience operating in such markets and a world-class R&D team, giving us a definite competitive advantage in developing technologies and products in the future.

5.1.3 Technology and R&D

E Ink continues to focus on the development of EPD products and technologies. In addition to making continued advancements to the original black and white EPD module products, we also actively invested in the commercial application of color ePaper products. Combined with the know-how in electronic shelf labels, flexible displays, and touch panels writing function, the Company has continuously released new products in the field of ePaper, which has received good market response. At the same time, we are actively expanding our production capacity to consolidate our leadership in the EPD market and maintain our sustainable and leading development in the highly competitive display industry.

In 2020, 2021, and 2022, E Ink invested NT$2.47 billion, NT$2.65 billion, and NT$3.46 billion in R&D expenses, respectively.

(1) Electronic Ink Technology Monochrome Ink Technology

Monochrome Ink Technology

For the electronic ink thin film technology platform, the E Ink Carta™ 1200 released in 2021 improved its response rate and contrast by 20% and 15% respectively compared to its predecessor (Carta 1000). The new Carta 1200 electronic ink thin film technology platform's monochrome contrast looks even more like printed paper. It supports 16 levels of gray and is capable of display render and gradient visual effects. The crisp fonts and fine visual details are clearly legible even under direct sunlight. It is thin, light, eco-friendly and can be read for extended periods. Applications include eReaders, electronic dictionaries, electronic reference books, and electronic magazines. Its fast response time makes it well-suited to eNotebook applications as well. The Carta 1200 represents the latest iteration of E Ink Carta™ technology. It can be used on all ePaper product types and sizes to improve response rate and contrast.

Color Ink Technology

- **Spectra™ 6**
  E Ink Spectra™ 6 is the latest technology in the Spectra series. It uses white, red, yellow, and blue charged color inks, controlled by voltage, to create high-saturation black, white, red, yellow, blue, and green colors. With advanced color mixing algorithms, it produces vivid color effects. The resolution has been improved to 200ppi, and the operating temperature range has expanded to 0 to 50 degrees Celsius, providing retailers with more diverse display content options.
- **E Ink Spectra™ 3100/Spectra™ 3100 Plus**
  E Ink Spectra™ 6 is a four-color electronic ink system that uses black, white, red, and yellow

particles to provide vibrant and saturated colors. It can display a wide range of information and content, making it suitable for high-quality retail environments and shelf labels. Spectra 3100 improves screen refresh rate and expands the temperature range for yellow and red, meeting the needs of diverse applications in retail stores. In addition, the E Ink Spectra 3100 electronic paper module, combined with the latest all-in-one driver IC, supports various sizes of high-resolution electronic shelf labels. E Ink Spectra 3100 Plus introduces a new architecture of driving waveforms and adds a fifth vibrant and saturated color, "orange." In 2023, E Ink Spectra™ 6 color electronic paper technology was introduced by E Ink Holdings. With its rich and saturated colors and support for various sizes from small to large, E Ink Spectra 6 is suitable for indoor advertising signage applications in the retail industry. It can display poster-like images, providing a paper-like visual experience. With battery usage and power consumption only during screen updates, it eliminates the need for wiring and allows flexibility for retailers to move products and shelves. The E Ink Spectra series can also be combined with E Ink™ Sparkle, which generates eye-catching flashing effects in specific patterns. This helps increase the visibility of advertising messages during promotional poster rotations, assisting retailers in strengthening product promotion activities.

- **E Ink Kaleido™ Plus/Kaleido™ 3/Kaleido™ 3 Outdoor**

  E Ink Kaleido is a color printing electronic paper series developed exclusively by E Ink Holdings. It utilizes the Print Color Technology, combining electronic ink technology with a color filter array, to transform black-and-white electronic paper into a rich palette of 4096 colors using RGB mixing principles. Following the release of E Ink Kaleido Plus in 2021, E Ink has continued to improve the display performance. In 2022, E Ink Kaleido 3 was introduced, incorporating enhanced color printing technology for better color rendering and printing effects, resulting in clearer fonts and more vibrant colors. The printing-based color filter array is closer to the electronic ink film, and adjustments have been made to minimize color mixing caused by scattered light, providing a superior and comfortable reading experience for color digital content. It is suitable for devices that display rich visual information such as tables, maps, images, textbooks, and advertisements.

  In 2023, E Ink Holdings launched E Ink Kaleido 3 Outdoor, a color printing electronic paper technology designed specifically for digital out-of-home (DOOH) advertising signage applications. It is suitable for larger temperature ranges in outdoor environments, featuring color dynamic display capabilities while maintaining the texture of a poster. It provides a colorful and information-rich solution for outdoor public message boards, as well as an environmentally friendly display solution.

  In addition to improved color performance, Kaleido 3 is equipped with E Ink ComfortGaze™, a front light design developed by E Ink's front light design team. The E Ink ComfortGaze front light technology reduces the amount of blue light reflected from the surface of the display, providing a more comfortable reading experience. Compared to the previous generation front light design, it reduces the Blue Light Ratio (BLR) and Blue Light Toxicity Factor (BLTF) by up to 60% and 24% respectively.

- **E Ink Gallery™ Plus/Gallery™ 3**

  The E Ink Gallery range uses four colors of electronic ink particles (cyan, Magenta, yellow, white) and voltage control to dynamically mix particles and colors for a full-color display. E Ink Gallery was released in 2019 and its family gained two new members "E Ink Gallery Plus" and "E Ink Gallery 3" in 2022. E Ink Gallery Plus uses an all-new color ePaper driving waveform to improve color contrast by 40% compared to the original E Ink Gallery. E Ink Gallery Plus is intended for indoor commercial signage in department stores and restaurants. It can also be used for public signage and information displays in mass transit systems, airports, and similar fields to improve the color contrast of color ePaper and give images more depth. The result is dynamic color posters with a greater visual impact. E Ink Gallery 3 focused on improving page turning speed and display resolution. The page turn speed for monochrome text on E Ink Gallery 3 was improved to 350 ms. The refresh rate for color displays was greatly improved as well to 500ms in fast color display mode, 750 to 1000ms in standard mode, and 1500ms in optimal mode. This was a clear improvement over the 2s refresh time for monochrome displays and 10s refresh time for color displays of the first-generation technology. Resolution was increased from 150 ppi to 300 ppi and operating temperature expanded to become 0 to 50°C. This aligned with the operating environment and product specifications of eReaders based on monochrome ePaper. E Ink Gallery 3 supports digital handwriting too. Writing delay is as little as 30 ms and several colors of handwriting are available in addition to monochrome. At the same time, E Ink ComfortGaze™, the latest front light technology developed by E Ink, was adopted by E Ink Gallery 3 as well. Reducing the amount of blue light reflected off the surface of the display delivers a digital reading experience with low blue light and vision health. E Ink Gallery 3 is suitable for eReader and eNotebook market applications.

(2) Color Changing Film for Architecture and Art Design

E Ink Prism™ is a dynamic color display technology that emerged from efforts to diversify ePaper applications. It offers a very promising alternative to conventional display technology. In addition to its ability to present static displays while consuming no power, E Ink Prism™ can also support dynamic presentations. When coupled with motion sensing, E Ink Prism™ can completely transform a lifeless space into a unique interactive environment. E Ink Prism is programmable, giving content providers and designers more creative freedom. It is totally reflective to provide a natural visual experience akin to prints or artworks. Only a tiny amount of power is needed for transitions in visual effects allowing it to dispense with power sockets.

E Ink Prism 3 is the next-generation color-changing electronic paper film unveiled in 2023. It bridges the design gap between dynamic displays and traditional static materials. Through programmable editing of the color dynamics of the color-changing electronic paper, designers can integrate dynamic color variations and patterns into various types of materials. At CES 2023, the E Ink Prism 3 technology made its first appearance in the automotive industry, as the renowned international automotive brand BMW incorporated it into their concept car, the BMW i Vision DEE. This innovative technology allows for multi-color transformations on the car's surface, delivering a refreshing and visually stunning experience for the audience.

(3) Flexible EPD

E Ink Mobius™ is a flexible EPD with flexible plastic backplanes of either amorphous silicon or organic TFT. It can be integrated with plastic laminates to create portable plastic displays that are flexible, lightweight, shock-resistant and resistant to breakage. Flexible EPD allows customers to integrate conformal elements into the product design leading to end products with unique design and function. The technology has now been widely adopted in the market.

Wrappable EPD modules with plastic backplanes are difficult to shatter and far lighter than glass. They are also thinner and lighter than existing e-paper with glass backplanes, an important feature for larger products. Flexible EPD is a prerequisite for the development of foldable ePaper technology.

(4) Front Light and Touch Panel Technologies

In today's digital age, it is often challenging for people to reduce their screen time. Research conducted by the Harvard School of Public Health indicates that electronic paper, which is free of blue light, is less harmful to the eyes compared to LCD screens. When combined with E Ink ComfortGaze™ front light technology, electronic paper is three times better for eye health. By shifting some of the time spent looking at screens to healthy e-paper displays suitable for reading and writing, individuals can maintain their connection to the digital world without sacrificing their eye health.

Comfortable reading in nighttime and low-light environments has always been a requirement for e-books. E Ink's front light technology has been implemented in mass production, enabling comfortable reading even at night. Additionally, the self-developed front light technology that allows adjustment between cool and warm color temperatures has been adopted by customers and is being mass-produced. This allows consumers to fully enjoy the convenience brought by e-book technology, further diversifying the applications of electronic paper.

In terms of touch-enabled electronic paper displays, in addition to the commonly used capacitive touch technology, E Ink is actively developing touch patterns suitable for electronic paper to improve the signal-to-noise ratio. Collaborating with manufacturers, they are developing various touch modules to enhance product performance and versatility. Furthermore, E Ink has also developed electronic paper modules that integrate active pen technology. These modules not only possess the characteristics of paper-like reading but also allow easy writing and marking on electronic documents. In addition to replacing conventional books, they provide greater convenience in terms of usability.

(5) EPD with Energy Harvesting Technology

The ultra-low power consumption feature of EPD makes it possible means it can be powered using wireless harvesting technology. The small amount of the electricity generated by wireless transmission is sufficient to drive and refresh the EPD without a battery.

For short-distance applications, NFC receivers can be used in eWallets, electronic IDs, and even e-book readers and smartwatches. In long-range applications, they can be applied to transportation application systems, retail electronic shelf labels, electronic luggage tags for logistics, warehouse automation systems, as well as smart cards, smart homes, eBulletins, and digital signage. Currently, WLC (Wireless Power and Communication) technology is being utilized to wirelessly power color electronic paper displays in these applications.

5.1.4 Long- and Short-Term Business Development Plan

1. Short-Term Business Development Plan
   (1) To follow the current product roadmap on the promotion of standard products, performance upgrades for existing products, and provision of total system solutions.
   (2) To secure adoption by more leading international vendors through better product quality and more comprehensive manufacturing services.
   (3) To establish local support systems as well as strengthen distribution channels for customers in the US, Europe, China and Japan.
   (4) To establish an ePaper ecosystem, expand FPL sales channels and work with more display module vendors to expand ePaper applications
   (5) To establish ePaper-related ecosystems: Work with more ecosystem partners to develop ePaper driving IC and with TFT backplane vendors to develop more ePaper applications.
2. Long-Term Business Development Plan
   (1) In addition to focusing on the research and development of advanced technologies such as Advanced Color, E Ink Spectra™, Print Color, Foldable and Low Power, upgrade our production processes, and continue to invest in developing a comprehensive patent portfolio that maintains our technological leadership.
   (2) To continue promoting new application markets and cultivate the ecosystem. We will integrate the upstream and downstream industries to jointly develop products and applications that are even more complete and have greater value.
   (3) To build a highly-efficient marketing and operating model that integrates marketing channels, products, research and development, and production into a seamless team that will effectively support commercial development to achieve a win-win outcome for E Ink and customers.

5.2 Market, Manufacturing & Sales Overview

5.2.1 Major Markets

Region	2021		2022	
	Sales Amount	%	Sales Amount	%
Taiwan	1,081,494	6	913,948	3
Asia	17,125,558	87	27,202,659	91
America	1,390,060	7	1,846,922	6
Others	53,452	-	96,980	-
Total	19,650,564	100	30,060,509	100

5.2.2 Market Share

Reflective display technology is an essential technology in the overall display industry, and E Ink's ePaper technology is the main representative of reflective display technology. E Ink is currently the only manufacturer that can mass-produce high quality ePaper technology stably. We have a high share of the global reflective display market. With our core technology, E Ink has become synonymous with green and sustainable display ePaper.

The development of ePaper applications and products is diversified. In addition to the well-known eReader and ESL applications, many applications like eNotes, luggage tags, logistics labels, logistics boxes, reusable boxes, pill box labels, ward door signs and bedside cards, and digital signage are maturing. They have become significant drivers for expanding the application of ePaper products.

As global awareness for sustainability and carbon reduction rises, the low power during prolonged use and non-light emitting strengths of ePaper products have gradually become apparent. With larger and more colorful products, and the introduction of new batteryless and handwriting technologies, ePaper has become the best display interface for smart applications. E Ink combines flexible business models with ePaper ecosystem partners to provide the market with new products. E Ink’s ePaper products will extend further to different sectors to create and expand our market share in various application areas.

5.2.3 Market Supply, Demand and Growth

Consumer Electronics

The eReader and eNote markets continue to grow steadily. The brand manufacturers that have adopted the E Ink Kaleido™ and E Ink Gallery™ series have already released new products. By providing end customers with two different color interfaces and removing the monochromatic color limit, eReaders can bring book covers, graphics, and tables to life with color. There is also a clear trend towards including the handwriting function. The first model that supports handwriting, the Amazon Kindle Scribe, was released by Amazon in 2022. This product will accelerate the evolution of eReaders by replacing paper books and moving towards the goal of replacing disposable paper.

As the impact of blue light on eye health continues to attract attention, leading monitor companies have begun to introduce ePaper as computer screens or second screens, which are suitable for reading and working on documents for extended periods. ePaper's reflective display technology does not emit light on its own. It can reduce the discomfort or damage from the blue light generated by LCD screens during prolonged use.

Technology is changing rapidly. The number of ePaper-suitable applications is also flourishing. ePaper creates different competitive niches for products like cold wallets for cryptocurrencies, dual-screen laptops, and insulin pens.

Process digitalization and paperless production are the main application scenarios of ePaper in smart factories. E Ink partnered with system integrators to combine ePaper with smart manufacturing solutions such as employee ID cards, ePaper process cards, ePaper checklists, and warehouse management labels. The ease of installation in design expedites introduction, streamlining the process for realizing paperless smart factories with improved productivity. Extensive use of E Ink ePaper during manufacturing over paves the way to smart manufacturing with green factories that have net zero carbon emissions.

In the transportation sector, continued developments in smart cities meant that providing more timely and accessible public information while maintaining a balance between energy conservation, environmental protection, and urban aesthetics is now a key challenge for sustainable smart cities. Even as cities strive to provide the general public with information safely and accurately, they must also consider reducing the carbon footprint of smart transportation solutions. Reflective ePaper do not emit light and have very low power consumption. ePaper display systems can therefore be combined with solar power or other renewable energy systems instead of having to be connected to the grid or by power cables. The ability to place ePaper display systems anywhere and wireless connectivity means they can be considered a zero-carbon device. The result is an environmentally friendly digital signage solution with no light pollution or carbon emissions.

E Ink's ePaper products have now been deployed in tens of thousands of domestic and overseas transportation and public spaces. They include smart bus stop signs, public information boards, parking meters, parking signs, and fuel price signs. ePaper's low power consumption and continuous display with no power consumption can also be used to create a variety of indoor applications such as the handle straps with color advertising, full-color ePaper advertising displays and information displays in the carriages of mass transit or hybrid-powered trains. E Ink has collaborated with many vendors to introduce ePaper bus stop signs to different parts of the world. As of December 2022, about 30,000 ePaper bus stop signs have been deployed worldwide. While digitizing the public transportation infrastructure, these signs will also help accelerate the achievement of net-zero emissions.

As the pandemic slows and countries gradually ease their border restrictions, the demand for luggage tags is slowly returning to pre-pandemic levels. With digital transformation and net-zero emissions requirements, airlines, electronic bag tag (EBT) system integrators, and E Ink collaborated to introduce ePaper luggage tags into airports. EBT utilizes wireless transmission and energy collection technology and is deployed in the aviation industry with flexible ePaper. This technology obtains authorization to generate EBTs through airline apps in the cloud. It uses the built-in NFC sensors of mobile phones to get power to communicate data and update the information on the display. It can effectively speed up luggage handling, shorten airport wait time, significantly reduce contact, and reduce the chances of lost luggage.

Businesses in different fields have widely adopted ePaper displays due to their ultra-low power consumption, wireless connectivity, portability, and grid-independence strengths. The smart signage solution for crowd control that the Penglai Cruise Terminal at Kaohsiung Port recently introduced, for example, incorporated E Ink's portable color signage and large stitched monochrome ePaper signage for navigation signage, advertising displays, and health education information signage. Builders in Japan have also started replacing construction site information signs with ePaper signage.

The European Union updated its energy labeling regulations in 2022, restricting the sales of 4K and above TVs starting from March 2023. This action suggests that low-carbon, sustainable electronics will be mainstream. ePaper's ultra power-saving and continuous display with no power consumption characteristics make it the best smart low-carbon display. The potential of ePaper utilization in the information and advertising display markets is massive. There is a lot of room for growth.

In smart retail, the digital transformation of physical stores led many leading international retail chains to adopt ESL and its accompanying software system on a large scale. Small and medium-sized retailers following their example helped boost penetration in the retail field. Combining ePaper with shelf labeling systems enhanced the sustainability, overall business efficiency, and accuracy of pricing changes in the retail field. The energy-efficiency of ePaper also helped retailers realize the sustainability goal of zero carbon emissions. ESL systems do not require labor-intensive switching and proofing of printed labels. This translates into less contact risk and time spent moving between fields for store staff. When a price management system/software is also deployed, it helps stores overcome workforce shortages and achieve total integration of omnichannel online and offline marketing.

The E Ink Spectra™ 3100 Plus product series released by E Ink in 2022 supports five colors (black, white, red, yellow, and orange) while delivering high color contrast and vibrant reds, yellows, and oranges. The E Ink Sparkle™ function increases consumer interaction and attracts consumer attention. ePaper has expanded beyond the ESL market and into retail through ePaper advertising display opportunities. E Ink Gallery™ Plus supports the full-color gamut, while E Ink Gallery™ Palette supports seven colors, making them suitable for product advertising or promotional displays. Their vivid, rich colors and low-power characteristics have gradually become the new standard for department store retailers' advertising and informational displays.

More stores in the West, Japan and China have now adopted ESL. Southeast Asia and emerging markets are now beginning to introduce ESL solutions, so there should continue to be a healthy supply-and-demand in the global market.

Growth in e-commerce and perishable logistics in recent years led to a sharp increase in the use of packaging and consumables. The jump in packaging-related trash negatively impacts the Earth's environment. In response, national governments and companies in relevant industries started advocating for reusable logistics or shared boxes to reduce the environmental damage from the mass consumption of disposable packaging. Using low-carbon ePaper as the information display interface for reusable and logistics boxes effectively reduces the use of printed labels. It overcomes the pain point of incompatibility with digital transformation. Benefits include improved logistics efficiency, green packaging, and reusable smart labels. The result is a cooperative logistics business model for reducing paper carton waste and realizing the goal of circular use. For example, E Ink and a European partner created a reusable logistics box solution that can each be used around 1,000 times. The material can also be reclaimed and recycled. Sender or recipient details are displayed on the product's ePaper display, giving these logistics boxes reuse and recycle value. Pairing the smart ePaper logistics box equipped with an ePaper display with a software system can record the shipping status throughout the entire process and pass the information to the sender and recipient via cloud services. This solution provides the logistics industry with innovative business models and service opportunities. We hope to roll out this solution to more e-commerce and logistics customers in the future.

For smart healthcare, ePaper's bi-stable characteristics support the continuous display of information even without power. ePaper will not disturb resting patients as it does not emit any light and does not cause blue light damage. Also, its easy-to-install, easy-to-read, lightweight, shock-resistant, and cleanable characteristics make it a suitable display for IoT healthcare products or wearable and portable smart medical devices. In addition to bedside cards, door cards, healthcare information displays, waiting area signage, pill box labels, identification, portable epidemic prevention information displays, electronic medical records, and consent form signature systems, ePaper can also be used in telemedicine or wearable healthcare products, such as glucometers, physiologic monitoring watches, AI digital stethoscopes, and fall protection systems. ePaper's low-power, light-pollution-free characteristics have already become the new standard for equipment of many domestic and overseas smart hospitals.

For the automotive sector, E Ink partnered with the famous German automobile manufacturer, BMW, to showcase monochromatic color-changing and color-changing cars at CES in 2022 and 2023, respectively, using Prism and Prism 3 technology to cover the cars with ePaper so that the color can be changed at will. Changing the color of the body to black or white according to the climate can help the body absorb or reflect heat to reduce air conditioning usage and energy waste. Pairing multi-color ePaper with AI gives AI technology life. Colorful car body changes show the possibility of applying ePaper to human-machine interaction, realizing our E Ink. We Make Surfaces Smart and Green™ vision.

5.2.4 Competitive Advantage

A Great Leap Forward in Color Technology

In 2022, E Ink continued to develop color technology, introduced different color ePaper display technologies for different markets and applications, provide end-users with multiple color choices, and form the potential of simultaneous operations of different color ePaper technologies in the same field. We will launch the new E Ink Spectra™ 6 that produces full color through four pigments in 2023. The four pigments (white, red, yellow, and blue) can show six primary colors (black, white, red, green, yellow, and blue). The operating and mixing methods differ from the pigments (white, yellow, magenta, and cyan) of E Ink Gallery™ Advanced Color ePaper (ACeP) released by E Ink in the past. They use different color mixing systems. The E Ink Spectra™ 6 color ePaper technology produces vibrant hues that can present different visual experiences. The increased resolution of 200 ppi and the application temperature range of 0 to 50°C provide options for the diverse needs of customers in various fields.

For retail market: In response to market demand, such as for more information (more colors), more energy saving and in line with ESG sustainability requirements, and image display process optimization needs, the four-color (black, white, red, and yellow) E Ink Spectra 3100 and five-color E Ink 3100 Plus are in the mass production stage. The E Ink Spectra 3100 SE to be released in 2023 can achieve the same four-color display and is priced more competitively with the 2-bit all-in-one driver IC. It can also share the original TFT backplane, allowing ESL suppliers and retailers to introduce four-color products faster. The new E Ink Spectra 6 full-color technology is also more suitable for advertisers to run promotions in a retail setting. Its faster refresh rate, sharper font edges, and optimized image display process are more energy efficient.

E Ink has advanced its print color technology, aiming at the eBook reading and digital writing technologies market. The E Ink Kaleido™ 3 and E Ink Gallery 3 color ePaper technologies released by E Ink in 2022 officially went into mass production. Many brand customers have adopted E Ink Gallery 3 in their eReader and eNote products and will release them in 2023. Color ePaper technology has been introduced into digital reading and handwriting applications, significantly enhancing the reading and shopping experience of eBooks. At the same time, color documents can be read and edited in eNotes, providing a new type of reading device for color digital content, bringing new stimulation and a buying wave to the digital market. E Ink Gallery 3 is developed with E Ink ACeP™ (Advanced Color ePaper) full-color ePaper display technology. Based on the full-color ePaper display technology architecture, it achieves full-color displays with four electronic inks, cyan, magenta, yellow, and white. The page turn speed for monochrome text on E Ink Gallery 3 was improved to 350 ms. The refresh rate for color displays was greatly improved as well to 500 ms in fast color mode, 750 to 1000ms in standard mode, and 1,500 ms in best color mode, which is equivalent to the page-turning speed of monochrome ePaper. The operating temperature also meets the usage scenario specifications of eReaders. It is suitable for displaying colorful digital content such as picture books, textbooks, and magazines. E Ink Gallery 3 also supports digital handwriting. Several primary colors are available in addition to monochrome and writing delay is as short as 30 ms. These features can be used to create full-color eNotes and realize color digital note-taking and drawing functions. E Ink Kaleido 3 enhances color saturation and brightness by 30% compared to the previous generation by optimizing the structural design of the ePaper module, and enhances the clarity of visual perception. Its warm color display performance is suitable for devices that display rich visual information, such as tables, maps, pictures, text books and advertisements. In response to the trend to keep eyes healthy, the E Ink ComfortGaze™ front light technology that E Ink developed in-house can be utilized to reduce the amount of blue light reflected from the display's surface. It can also be applied to smart education and digital reading devices to reduce eye discomfort and damage caused by prolonged digital reading and learning.

For the digital signage market, in addition to the existing E Ink Gallery Plus full-color ePaper display technology, E Ink Kaleido 3 and E Ink Spectra 6 full-color display technologies will also provide suitable products for different usage scenarios. We will start promoting these products in 2023. Especially in the face of the global movement towards sustainability, Europe has enacted restrictions on the power usage of large digital signage. ePaper signage is currently the only digital signage on the market that solar panels can drive. ePaper signage running on renewable energy has become an independent zero-carbon device and a crucial digital display technology for developing smart cities.

For smart surface applications, E Ink covered the color-changing concept car BMW i Vision DEE that BMW released at CES 2023 with the colorful E Ink Prism™ 3 ePaper technology. We achieved the unprecedented concept of surface transformation with hundreds of ePaper segments and programmatic editing to change the color of the color-changing ePaper dynamically. This concept became the highlight of CES 2023. Not only can personalization shine through via color-changing car bodies, but it also helps enhance energy efficiency. Exploring physical properties shows that white cars reflect sunlight in hot climates. In contrast, black cars can absorb sunlight in cold climates. Thus, we can reduce the power consumed to heat up and cool down the car's interior through this feature, which aligns with the sustainable development mission of pure electric vehicles. E Ink Prism 3 can potentially be used in a variety of industrial applications, including home appliances, retail, consumer electronics, exterior architectural decorations, and industrial products. The durable and flexible color-changing ePaper enables manufacturers and designers to shape and integrate it with various materials. Batteries or renewable energy can drive this product’s low-power consumption feature. There is no need to add a power socket to supply power. Moreover, E Ink JustTint™ variable light transmission ePaper film can switch from transparent to opaque display states, making it suitable for solutions that require privacy and shade.

Advanced Low-Power Technology, Supporting Sustainable Development

To boost the competitiveness and sustainability of ePaper module products, E Ink regards sustainable R&D and design as the top guiding principle. The E Ink Driver IC with Dynamic and Interlaced Scan by AI Computing solution we developed in-house won the 2022 COMPUTEX Best Choice Award for the IC and Components category. E Ink works with ecosystem partners to develop dynamic and interlaced scan technologies in driver ICs. These technologies substantially improve the ePaper’s handwriting display speed, reducing latency by 5.6 ms on average and saving 40% to 60% power. This low-power feature helps various fields to develop low-carbon and smart ePaper devices. Using half gate driver technologies in the design of the backplane driver can provide twice the charging time and support high resolution. We can conserve energy by pairing it with TCON and image processing programs to support signal data processing, substantially reducing the power used by the overall module by 30%.

This design also has the advantages and benefits of stabilizing pixel voltage, reducing noise and interference, and enhancing picture quality. This solution effectively makes ePaper module products more competitive.

Development of Touch, flexible and other functional materials

With the boom in the color page era, E Ink launched the self-developed On-Cell Touch ePaper module in 2021 to meet the needs of color content with higher resolutions, color saturation, and better visual sense and experience. This module can be applied to monochrome and color ePaper display modules. E Ink continues to advance the On-Cell Touch technology in ePaper display module products to greatly enhance the contrast and saturation of monochrome and color.

E Ink continues to improve the flexible characteristics of ePaper, and also actively invests in the development and manufacture of flexible materials. We also created the 8" E Ink Gallery 3 full-color rollable and foldable ePaper display prototype with new flexible material, stacked design, and front light design, with a curl radius of up to 10 mm as well as a foldable full-color ePaper display with a curl radius of up to 4 mm. E Ink aims to create a more portable ePaper application with forward-looking technology, targeting the digital education and digital reading markets under the future Double Reduction Policy.

With the development of flexible displays, E Ink has also invested in developing essential film materials, such as the functional material Polymide (PI), including PI varnish and transparent PI roll films. The high temperature resistance of yellow-brown PI varnish can be used in the LTPS process, which is suitable to replace glass as TFT circuit substrate material with low expansion, and shrinkage and bending resistance. The transparent PI roll film has optical grade penetration, and is an indispensable functional film material for flexible touch production. The PI materials developed by E Ink can be used in flexible ePapers, organic light-emitting display screens such as PMOLED, AMOLED, OLED lighting, LCD monitors, touch modules, digital radiography (DR), and thin-film solar cells.

Facing the increasingly important trend of environmental friendliness, E Ink invested in developing protective sheets (PS), which are friendlier to the environment. E Ink APS-130, released in 2022, can reduce carbon emissions by about 50% and increase transmittance to 91.41% compared with the previous generation. Its excellent optical characteristics can improve the contrast ratio and display more vivid colors.

E Ink has also invested in our existing technological advantages in environmentally friendly, low-power ePaper and continues to refine and develop technologies related to stack reduction, materials reduction, and low power consumption to create products with a smaller carbon footprint, with carbon reduction, energy conservation, recycling, and innovation as the basis.

Product Sustainability and Competitiveness

According to the Green Revenues 2.0 data model released by FTSE Russell in 2023, 99.98% of E Ink's revenue is green. E Ink aims to replace disposable printed paper and make green and sustainable smart surfaces into a net-zero product. As the industry goes digital, the accelerated adoption of low-carbon, dynamic display, and paper-like ePaper devices will not only reduce the consumption of more environmental resources, but also help to significantly reduce CO_2 emissions and increase the contribution to environmental sustainability. For example, installing ePaper bus stop signs powered by solar energy alone at the 64,000 bus stops in Taiwan's major cities can save 40,000 metric tons of carbon emissions per year compared to traditional LCD signage. As of 2022, about 900 million 3” ESLs (most common for retail) have been installed worldwide. Suppose prices are changed four times a day. In that case, the CO_2 emissions generated using disposable paper labels are 32,000 times higher than ePaper labels. Over the past five years, about 150 million eReaders have been used worldwide, replacing the purchase and reading of printed books with digital reading. If 150 million eReaders download an average of 10 books annually, reading the same content on printed paper books or LCD tablets will generate 100,000 times and 50 times more carbon dioxide emissions, respectively. Moreover, ePaper display technology is currently the only low-light pollution display technology certified by the International Dark-Sky Association. Many cities around the world have set up light pollution control laws, and only 19 states in the U.S. have enacted light control laws. ePaper display technology has become the best green display technology in the digitization of cities and businesses.

Since 2018, E Ink has deployed 1,500 solar-powered ePaper bus stop signs in Shanghai Puxi. The signs have been performing stably on solar power for four years. In quantifying the carbon footprint of 1,500 ePaper bus stop and real-time bus arrival information transmission systems according to the ISO 14064-1 standard in 2022, we found that only 42.9 metric tons of CO_2e is emitted annually, which is significantly lower than bus stop signs that use TFT-LCDs. Thus, purchasing 50 metric tons of carbon credits (CCER) generated by solar PV can offset the emissions. The PAS 2060:2018 standard and passing of the on-site inspections announced that the 1,500 solar ePaper bus stop sign operating systems in Shanghai Puxi achieved the carbon-neutral goal.

5.2.5 Favorable/Unfavorable factors for long-term development and countermeasures

Favorable factors: Sustainable Development Became a Global Priority

Growing global awareness of sustainability development has increased, and the manufacturing industry is actively taking low-carbon and sustainable materials into consideration in production and procurement. ePaper is an energy-saving, green, and low-carbon technology, in line with the principle and requirements of sustainability, is conductive to the promotion and introduction of ePaper.

Sustainability development must also reduce the use of disposable paper to reduce logging and slow global warming. ePaper can replace disposable paper and present information in a paper-like, blue-free, eye friendly, ultra-low power consumption interface. It can be reused and provide real-time display information. It can therefore help industries engage in digital transformation to reduce paper consumption, power consumption and carbon emissions.

Favorable factors: Demand for eye friendly displays

The COVID-19 pandemic caused distance working and learning. The time users spend in front of the screen increases dramatically, causing common problems such as sore eyes and eye disease. People have come to realize that prolonged viewing of light-emitting displays is a heavy burden on the eyes, which may lead to adverse effects such as sleep disturbance, headache and irreversible vision damage for students. All kinds of products marketed as eye protection, such as low-blue light displays and blue-resistant glasses. ePaper is a reflective display that does not emit light. It has also received a Paper Like Display certification from Rhein, Germany. It is a friendly interface that replaces printed paper and supports e-learning, which has advantages in the post-epidemic era.

Favorable factors: Digital transformation

The development of IoT and smart city is the long-term trend of the future market, promoting the rapid increase of all kinds of connected devices in business and life. When everything is connected, the display screen will act as the communication interface between people and devices. ePaper's bi-stable and reflective technology display characteristics of ePaper, different from the general light display technology. It can maintain zero power consumption if you do not change the page. It reads and writes like paper, and can eliminate excessive power consumption and environmental light damage. Long-term use can significantly reduce energy consumption and help industries achieve a green digital transformation.

Unfavorable factors: Rapid Changes in Global Supply Chain, Geopolitics

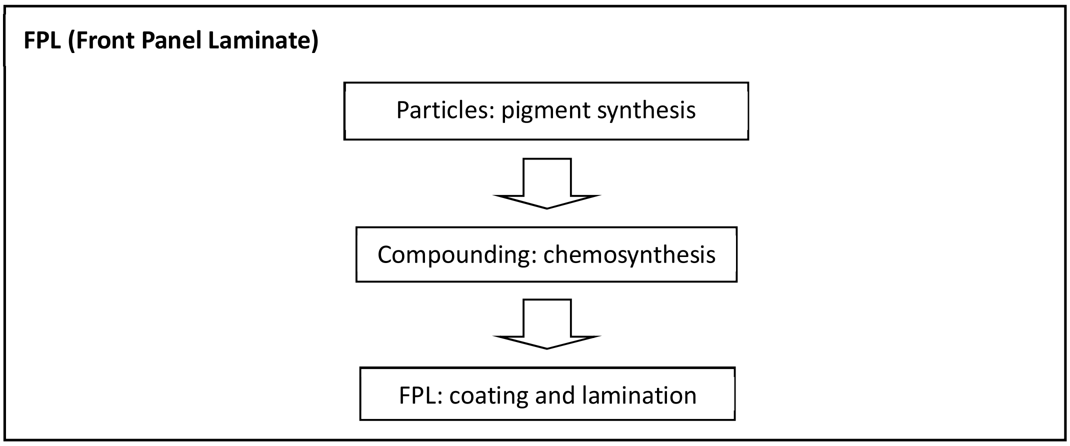
Due to the continued strong demand for ePaper, in addition to raising capital spending to expand the capacity of each production base to cope with insufficient capacity in the future, E Ink also diversifies geopolitical risks and serves local customers to improve customer satisfaction. In response to the management complexity arising from post-COVID global supply chain restructuring and to comprehensively improve the resilience of the ePaper supply chain, we will focus on strengthening the transparency of the supply chain and increasing the diversity and interchangeability of suppliers and transportation networks to reduce production complexity and risks. We will also reduce production costs with more automation. In addition to ensuring the effective improvement of ePaper film production capacity and yield, we also deepen our collaboration with material partners to ensure that production capacity and quality meet market demand.

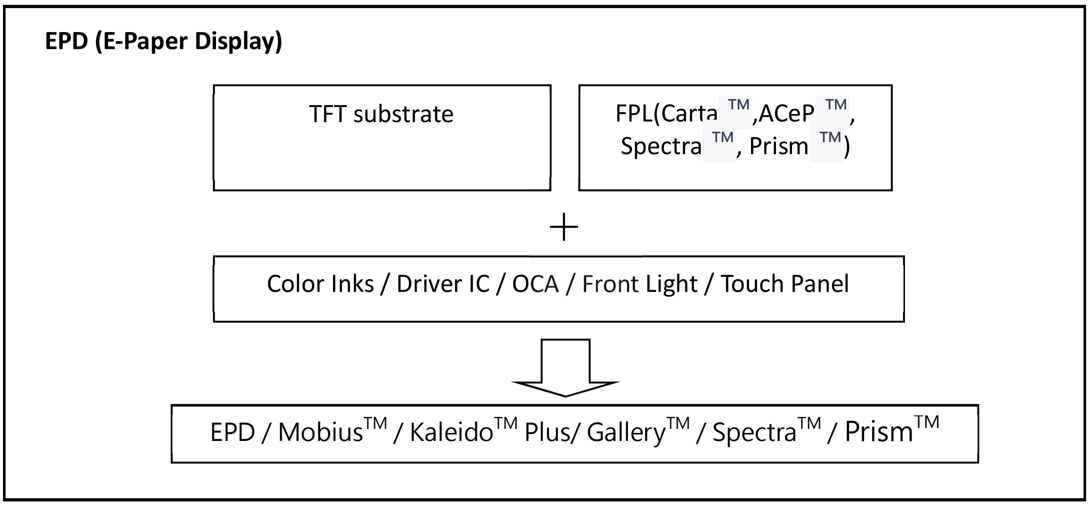
E Ink is committed to building an ePaper ecosystem, realizing diverse smart application fields, and promoting the popularization and diversified development of low-carbon ePaper applications by combining software/hardware vendors and upstream/downstream supply chains of various application industries. The ePaper Industry Alliance (EPIA) was founded in December 2020 and has 127 members as of the end of 2022, showing corporate solidarity and consensus within the industry ecosystem. By focusing on green, low-carbon ePaper and digital development policies, we will continue to deepen the applications of eBook reading, new retail, education, transportation, healthcare, industry, civil aviation, logistics, and offices to continue to move towards a vision of smart living and sustainable cities.

5.2.6 Application and production processes of key products

1. Application
   ePaper Display is mainly primarily used as a display device designed for the delivery/presentation of information transmission.
2. Production process
   The ePaper Display production process is divided into two stages: Front Panel Lamination (FPL) and ePaper Display (EPD). The FPL process uses coil coating equipment to coat and bond special materials. The EPD production process is the lamination and assembly of FPL and TFT substrates with other electronic

components, such as driver ICs, optical films, and touch panels, followed by EPD inspection and measurement of optical properties.





5.2.7 Supply status of key raw materials

E Ink's main raw materials include TFT back panel, touch panel and driver IC. Each of these raw materials has at least two primary suppliers. The Company has maintained a close relationship with the supplier for stable supply after the raw material certification. In addition to fully controlling the source of goods and the quality and delivery date, E Ink can minimize the risk of material shortages.

5.2.8 Major Suppliers and Clients

A. Major Suppliers in the Last Two Calendar Years

Unit: NT$ thousands

Item \ Year	2021				2022			
	Company Name	Amount	Percentage of the annual net purchase (%)	Relation with Issuer	Company Name	Amount	Percentage of the annual net purchase (%)	Relation with Issuer
1	A	1,834,635	17	None	A	1,440,757	14	None
2	G	1,198,520	11	None	-	-	-	-
3	H	1,108,722	10	None	-	-	-	-
4	Others	6,677,579	62		Others	8,937,890	86	
	Total	10,819,455	100		Total	10,378,647	100	

B. Major Clients in the Last Two Calendar Years

Unit: NT$ thousands

Item \ Year	2021				2022			
	Company Name	Amount	Percentage of the annual net sales (%)	Relation with Issuer	Company Name	Amount	Percentage of the annual net sales (%)	Relation with Issuer
1	I	3,992,846	20	None	I	4,987,377	16	None
2	F	2,400,599	12	None	K	3,764,798	13	None
3	P	2,251,754	11	None	L	3,466,924	12	None
4	Others	11,005,365	57		Others	17,841410	59	
	Net Sales	19,650,564	100		Net Sales	30,060,509	100	

5.2.9 Production in the Last Two Years

Unit: NT$ thousands

Major Products \ Output \ Year	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Monitors	42,474	25,640	9,789,229	50,174	31,009	8,205,988

5.2.10 Shipments and Sales in the Last Two Years

Unit: NT$ thousands

Major Products \ Shipments & Sales \ Year	2021				2022			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Consumer Electronics	792	855,229	9,524	10,998,273	598	840,010	10,459	11,419,066
IoT and Others	339	226,265	22,933	7,570,797	276	73,937	19,308	17,727,496
Total	1,131	1,081,494	32,457	18,569,070	874	913,947	29,767	29,146,562

5.3 Human Resources

Year		2021	2022	As of May 1, 2023
Number of Employees	Manager level	291	373	374
	IDL(non-manager)	1,207	1,864	1,242
	DL	755	1,241	1,961
	Total	2,253	3,478	3,579
Average Age		39.48	36.71	38.86
Average Years of Service		7.59	5.27	5.15
Education	Ph.D.	4.22%	2.90%	2.85%
	Masters	21.84%	14.46%	14.15%
	Bachelor’s Degree	46.34%	34.94%	33.99%
	Senior High School	19.97%	11.53%	11.18%
	Below Senior High School	7.63%	36.17%	37.82%

5.4 Information on environmental protection expenditure

Loss from pollution to the environment (including the compensation) and penalty in the most recent year to the date this report was printed, explain the policy in response in the future (including corrective action plan) and possible expenses (including the estimated amount of possible loss, penalty and compensation due to the failure of the remedy. If estimation could not be reasonably estimated, explain with evidence):

5.4.1 Loss from pollution to the environment in the most recent year to the date this report was printed: None.

5.4.2 Remedy and possible spending in the future:

Intensify the matching between the environmental protection permission documents and the practice of environmental protection on shop floor, and implement the proper change in the management program for facilitating audits.

E Ink treasures issues pertinent to environmental protection. Further to the effort in anti-pollution, the Company also duly observes domestic laws governing the standard of emissions, retains qualified waste disposal and treatment plant for handling wastes, assures the proper classification of wastes, and upgrades the recycling rate of resourceful wastes. The Company also follows the environmental protection files in setting up facilities for the treatment of air and water pollutants in conformity to the emission standards governed by applicable laws in Taiwan. There is no other expense further to the aforementioned expenses incurred from the maintenance and operation of the environmental protection facilities.

5.5 Labor Relations

5.5.1 Employee welfare and benefits, training, development, retirement scheme and its implementation, labor-management agreements, and protection of employee rights:

1. Employee welfare and benefits
   (1) Employee benefits are managed by the Employee Welfare Committee. Social events are organized on a regular basis to help employees recover from the stress of work.
   (2) In addition to labor insurance, E-Ink employees also receive additional layers of protection through group life, accident, medical and cancer-prevention insurance, national health insurance and regular health exams.
   (3) The Company budgets for employee education and training every year to help employees improve their management and professional skills as well as provide employees with a personalized career development plan.
   (4) To build a people-centric management system, management rules are revised when necessary based on labor standards and changes in the business environment.
   (5) Reasonable compensation and incentives are provided to recruit competitive workers.
   (6) Clear career paths are provided for outstanding personnel.
   (7) Regular labor-management meetings are convened for employee communication.

2. Employee education and training

E-Ink employees are considered the company's most important asset. A strong emphasis is placed on talent cultivation and training. Various education and training methods are offered to satisfy the learning requirements of employees. Comprehensive educational resources and a sound learning environment are provided so that employees can improve their core skills and continue to raise the overall standard of the workforce.

E-Ink introduced the “E Ink University” e-learning system in 2018 to develop a learning roadmap for people in each field and provide them with specialized training programs. Training courses are divided into the five following categories:

(1) Orientation course: Compulsory training for everyone in the company that covers an introduction to the company, corporate image, company products and principles, personnel management rules, employee benefits, business code of conduct, and labor safety education and training.
(2) General knowledge course: Help teams develop their core competency and provide progressive learning courses for people of all ranks.
(3) Professional course: Cultivate key talents and boost the organization's competitiveness through talent development. Knowledge management is implemented through a combination of e-learning platforms and internal professional training. The mapping of the professional skills required for each role was completed in 2021 and a continuous learning environment is cultivated through mentoring.
(4) Management course: Management training is based on the need for competency development and targeted at managers’ areas of weakness. The courses cover presentation skills, cross-cultural communication, management skills, unit performance management, and task management.
(5) Production line personnel training: Provides technicians on the production line with the required knowledge and testing to qualify as machine operators. These include: Introduction to FPL/TFT/EPD Defects, front-end/back-end machine operator certification training, training on protection against ionizing radiation, as well as clean-room management rules and testing.

3. Employee Code of Conduct or Ethics

E Ink has always embraced a philosophy of "putting people first." In addition to respecting our employees for their expertise, we also provide them with a stage where they can truly show-off their talents. HR must therefore provide new employees with the relevant company rules upon arrival and ask them to live by those rules.

4. Employee safety and health

The "safety" and "health" of employees has always been a key issue for E Ink. We've not only received international certification on OHSAS 18001 Professional Safety and Health Management System but also received international certification on the ISO 14001 Environmental Management System. For employee health management, employee health exams are conducted on a regular basis as required by law. Coverage of the health exams exceeds mandatory protections for worker health.

5.5.2 Retirement scheme and its implementation.

The employee retirement rules were developed based on the "Labor Standards Act" and "Labor Pension Act". Monthly contributions are made to the pension preparatory fund at the Bank of Taiwan in accordance with the "Labor Standards Act". Employee pensions are paid directly to their personal account as required by the “Labor Pension Act." The new and old pension systems above are both carried out in accordance with the law.

5.5.3 Labor-Management Disputes:

The company's measures and regulations on labor relations are implemented in accordance with relevant laws and regulations, and there is no loss of the company.

5.5.4 Estimation of current and potential future losses suffered by the company due to labor-management disputes in the last two years and up to the publication of this report, and the measures taken in response:

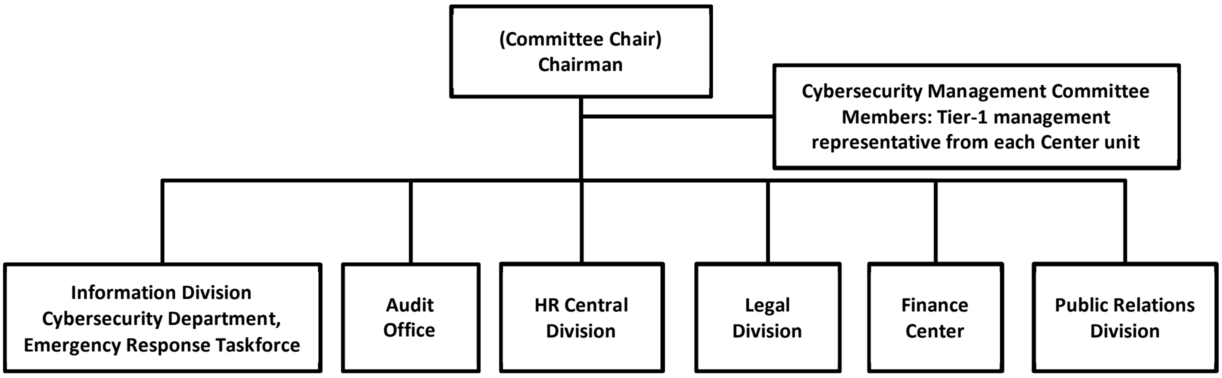
None.

5.6 Cybersecurity Management

5.6.1 Cybersecurity risk management framework:

The Company's cybersecurity currently the responsibility of the MIS Infrastructure Systems Department. This encompasses the planning of internal cybersecurity systems, the devising of cybersecurity regulations, the implementation of cybersecurity policies, strengthening of cybersecurity awareness among employees, the introduction of cybersecurity protection and control systems, as well as the implementation and enforcement of cybersecurity operations. Adjustments are made in response to actual conditions as necessary. The Cybersecurity Department and Emergency Response Taskforce were established by E Ink dedicated cybersecurity units in 2022 to respond to cybersecurity risks. To enhance our overall standard of cybersecurity protection and management, Hsinchu and Linkou sites in Taiwan introduced ISO/IEC 27001 Information Security Management System (ISMS) in 2022. The "Cybersecurity Management Committee" was also established with the Chairman as the Committee Chair, and the tier-1 managers of each Center as committee members. A separate cybersecurity management unit was also established with the Vice President of MIS as the Chief Cybersecurity Officer. The team is responsible for the promotion of ISMS-related procedures, plans, or activities and the establishment, implementation, maintenance and improvement of the cybersecurity management system based on the PDCA cycle. ISMS implementation performance will be regularly reported to the Cybersecurity Management Committee. The Cybersecurity Management Committee will in turn brief the Board on cybersecurity management performance and strategic direction so that it can periodically reviewed and revised

Cybersecurity Management Committee Organization



Department/Organization	Members	Description of Functions
Cybersecurity Committee - Committee member	Committee Chair: Chairman Members: President, CFO, Operation Center Vice President, Product Center Vice President	• Decision-making on the Company's cybersecurity governance and strategic direction
Cybersecurity Department, Information Division	Chief Cybersecurity Officer: IT Division Associate Vice President Head of Cybersecurity Department: Principal Engineer	• Planning and monitoring of cybersecurity mechanisms, and implementation of cybersecurity management • Assessment of system and information technology control solutions • Cybersecurity incident response and handling • External evaluation operations
Emergency Response Taskforce, Information Division	Manufacturing Systems Department, ERP Systems Department, Application Systems Department, Infrastructure Systems Department	• Operation, maintenance, and management of information systems, and assisting with response to abnormal events
Audit Office	Audit Office Director	• Auditing of cybersecurity policy implementation
HR Central Division	HR Central Division Director	• Organizing of education, training and awareness • HR guidance and disciplinary action for violation of cybersecurity principles
Legal Division	Legal Division Director	• Consultation on legal issues relating to personal privacy • Interpretation of laws and regulations
Finance Center	Finance Center Senior Director	• Announcement of material information relating to major cybersecurity incidents
Public Relations Division	Public Relations Division Director	• External press release relating to major cybersecurity incidents

5.6.2 Cybersecurity policies

5.6.2.1 Cybersecurity goal

The purpose of cybersecurity is to maintain the high availability of corporate information systems, the security of the information environment, protect the company's business secrets, and prevent unauthorized usage, compromise, tampering and damage of corporate information systems and data. By maintaining our competitive advantages, the Company will secure the trust of our customers and engage in sustainable development.

5.6.2.2 Scope of cybersecurity

The cybersecurity governance blueprint was drawn up by the Cybersecurity Department to demonstrate the importance of cybersecurity governance to the Company management. Cybersecurity strategy objects were expanded into the cybersecurity governance framework, followed by the implementation of cybersecurity technology and management systems based on NIST framework, an international standard.

1. Group cybersecurity objective: Reduction of cybersecurity risks to ensure business continuity
2. Cybersecurity governance framework:
    - 2.1 Cybersecurity management system: ISO 27001
    - 2.2 Cybersecurity organization: Cybersecurity Management Committee, dedicated cybersecurity unit, Cybersecurity Incident Emergency Response Taskforce
    - 2.3 Cybersecurity process: Information asset management, Cybersecurity incident reporting mechanism, Cybersecurity incident response drill
    - 2.4 Cybersecurity awareness: Cybersecurity education, cybersecurity course, Cybersecurity qualification of specialist personnel, social engineering exercises

5.6.3 Concrete management programs, and investments in resources for cybersecurity management

Category	Item	Concrete management measures
Cybersecurity governance	Information security management system	1. The Company introduced ISO/IEC 27001 certification in 2022 Q2. Received in 2022 Q4 and certification formally obtained in January 2023.
	Cybersecurity Management Committee	1. Periodically discuss and make decisions on the Company's cybersecurity management policy and implementation objectives
		2. The Cybersecurity Committee is periodically convened each year to discuss and report on the outcomes of cybersecurity governance
	Dedicated cybersecurity unit	1. Planning of cybersecurity systems
		2. Formulation of cybersecurity regulations
		3. Promotion of cybersecurity policy
		4. Enhancing the cybersecurity awareness of employees
		5. Introduction of cybersecurity protection and management systems, as well as the implementation of cybersecurity operations
	Cybersecurity Incident Emergency Response Taskforce	1. Respond and deal with cybersecurity incidents in a timely manner
	Information asset management	1. Systematic information asset management and mechanisms
	Cybersecurity incident reporting mechanism	1. Establish cybersecurity incident reporting mechanisms and processes at each Group location and between units to ensure swift response and handling of any cybersecurity incidents.
	Cybersecurity incident response drill mechanism	1. Cybersecurity incident drills are regularly organized each year in conjunction with the information security management system.
	Cybersecurity awareness	1. Cybersecurity bulletins and training courses are conducted at various times each year
	Cybersecurity course	1. Personnel from the dedicated cybersecurity unit attend external training courses
	Cybersecurity qualification	1. Personnel from the cybersecurity department undergo cybersecurity certification courses. Current certifications include CISSP, CEH, ISO 27001LA and more are being progressively added.

Category	Item	Concrete management measures
	Social engineering exercise	1. Social engineering exercises are regularly held each year to strengthen employee cybersecurity awareness
	Personnel management system	1. Employee authority, responsibility and prohibited behaviors are clearly defined in company regulations.
		2. Orientation training for new employees includes training on cybersecurity and confidentiality awareness.
		3. The duty of employees on the maintenance of cybersecurity and confidentiality are explicitly stated in their contract.
		4. Announcements are issued on an ad hoc basis to remind employees on the importance of working together to maintain cybersecurity.
		5. The consequences for illegal use of computer accounts and e-mail are spelled out to employees.
Information Security System Management	Emergency incident response	1. Sound management regulations are in place to ensure that employees know how to report and respond to IT system anomalies or critical cybersecurity incidents.
	Physical environment management	1. Follow standard operating procedures to ensure that there are no problems with the operating environment of server rooms.
		2. Set up a secure and reliable data center through the establishment of comprehensive monitoring mechanisms and following proper operations & maintenance.
	Information system redundancy, verification, and restoration	1. Introduction of suitable backup system and monitoring mechanism with regular backups and reports on all information systems.
		2. Established a sound disaster recovery exercise and data verification mechanism to ensure the integrity of backup data and operator familiarity.
		3. Established off-site backup system for critical information systems such as SAPERP and critical databases.
	IT end-user device controls	Clearly defined management regulations and security control mechanisms for the Company's IT end-user devices:
		1. Employees are informed of company rules, restrictions and prohibitions on the use of the business and personal IT devices.
		2. Selection of fully functional anti-virus software with automatic updating of virus libraries to reduce the risk of virus infection and malicious attacks.
		3. Introduced end-user device control system for effective control of connected devices and network/cloud services to reduce the risk of confidential company data being leaked onto personal devices.
		4. Ad hoc patching and updating of operating systems and application software.
	Network security controls	1. Introduction of end point node cybersecurity control system to effectively block intranet access over the wired network for non-company IT devices.
		2. Introduction of wireless network cybersecurity management system to effectively block intranet access over wireless networks for non-company IT devices.
		3. Establishment of joint defensive network of group firewalls to effectively block malicious attacks from external networks.
		4. Devised network access control polices with strict management rules and approval procedures for intranet-to-extranet access, extranet-to-intranet access, and customer/supplier data exchange management.
		5. Firewalls and strict management mechanisms were also implemented for different types of internal domain to enforce effective domain partitioning and management. The connection and access policies for each domain were also tailored to their specific operating requirements and cybersecurity considerations.
	Mail Security Control	E-mail protection system with advanced functions such as external trust rating and sandbox prediction was adopted to strengthen the Group's ability to filter and protect against new types of business fraud, phishing attacks with multi-layered URLs, and a wide variety of malicious e-mail attachments.
	External Exposure Monitoring, Analysis and Vulnerability Scanning	External exposure assessment and vulnerability scanning/patching mechanism were established for high-risk Internet services provided by the group through eink.com to reduce the risk of malicious intrusion and attack.

5.6.4 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and

measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

5.7 Important Contracts

Nature of contract	Counterparty	Contract start and end dates	Main details	Restrictive clauses
Reciprocal patent licensing	Company E	As specified in the contract	Reciprocal patent licensing	As specified in the reciprocal patent licensing agreement
Reciprocal patent licensing	Company F	Confidentiality clause that prohibits public disclosure	Reciprocal patent licensing	As specified in the reciprocal patent licensing agreement
Land lease	Hsinchu Science Park Administration	2014/7/1~2033/12/31	Lease of plant land	Unless agreed by the Science Park Administration, the Company shall not sublet or in any way allow others to use part or all of the leased land, or use the land for non-agreed or illegal purposes.
Reciprocal patent licensing	Company G	Confidentiality clause that prohibits public disclosure	Reciprocal patent licensing	As specified in the reciprocal patent licensing agreement
Long term loan contract	Made jointly by Mega International Commercial Bank with 7 participating banks.	2020/12/15~2025/12/14	5-year syndicated loan contract with a limit of NT$ 6.8 billion	None.

VI. Financial Information

6.1 Five Year Financial Summary

6.1.1 Stand-alone Condensed Balance Sheet - Based on IFRS

Unit: NT$ thousands

Item \ Year		Financial Information for The Last Five Years (Note 1)				
		2018	2019	2020	2021	2022 (Note 2)
Current assets		6,919,381	6,469,248	6,892,369	13,638,479	12,355,988
Property, Plant and Equipment		1,376,998	1,330,352	1,314,914	2,235,982	3,583,886
Intangible assets		254,224	246,717	236,373	206,420	179,410
Other non-current assets		26,783,798	29,620,847	33,323,494	40,953,981	46,828,881
Total assets		35,334,401	37,667,164	41,677,150	57,034,862	62,948,165
Current liabilities	Before distribution	7,259,294	7,695,999	10,175,031	20,098,766	13,211,408
	After distribution	9,632,732	9,964,725	13,237,810	23,748,061	18,343,229
Non-current liabilities		146,462	971,026	993,509	1,768,930	6,049,769
Total liabilities	Before distribution	7,405,756	8,677,025	11,168,540	21,867,696	19,261,177
	After distribution	9,799,194	10,935,751	14,231,319	25,516,991	24,392,998
Total equity		27,928,645	29,000,139	30,508,610	35,167,166	43,686,988
Capital stock		11,404,677	11,404,677	11,404,677	11,404,047	11,404,047
Share capital		10,243,293	10,306,993	10,310,536	10,407,670	10,748,007
Retained earnings	Before distribution	6,721,050	7,428,382	8,760,870	11,000,202	17,822,789
	After distribution	4,347,612	5,159,656	5,698,091	7,350,907	12,690,968
Other equity		(255,475)	(29,881)	142,559	2,355,247	3,712,145
Treasury shares		(184,900)	(110,032)	(110,032)	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	27,928,645	29,000,139	30,508,610	35,167,165	43,686,988
	After distribution	25,555,207	26,731,413	27,445,831	31,517,871	38,555,167

Note 1: Above financial information is based on the audited financial statements of the corresponding year.
Note 2: The appropriations of earnings for 2022 were resolved by the board of directors.

6.1.2 Consolidated Condensed Balance Sheet - Based on IFRS

Unit: NT$ thousands

Item / Year		Financial Information for The Last Five Years (Note 1)				
		2018	2019	2020	2021	2022 (Note2)
Current assets		18,870,925	21,634,060	21,914,321	19,263,374	25,164,715
Property, Plant and Equipment		4,521,441	4,104,317	4,075,910	5,274,647	8,033,290
Intangible assets		8,526,053	8,107,841	7,662,987	7,214,678	7,712,932
Other non-current assets		4,995,689	7,774,731	12,147,415	25,257,300	24,215,123
Total assets		36,914,108	41,620,949	45,800,633	57,009,999	65,126,060
Current liabilities	Before distribution	6,569,117	9,206,675	11,564,821	17,839,575	13,408,141
	After distribution	8,942,555	11,475,401	14,627,600	21,488,870	18,539,962
Non-current liabilities		2,030,547	2,961,490	3,191,039	3,472,539	7,454,715
Total liabilities	Before distribution	8,599,664	12,168,165	14,755,860	21,312,114	20,862,856
	After distribution	10,973,102	14,436,891	17,818,639	24,961,409	25,994,677
Total equity attributable to owners of the company		27,928,645	29,000,139	30,508,610	35,167,166	43,686,988
Share capital		11,404,677	11,404,677	11,404,677	11,404,047	11,404,047
Capital surplus		10,243,293	10,306,993	10,310,536	10,407,670	10,748,007
Retained earnings	Before distribution	6,721,050	7,428,382	8,760,870	11,000,202	17,822,789
	After distribution	4,347,612	5,159,656	5,698,091	7,350,907	12,690,968
Other equity		(255,475)	(29,881)	142,559	2,355,247	3,712,145
Treasury shares		(184,900)	(110,032)	(110,032)	-	-
Non-controlling interests		385,799	452,645	536,163	530,719	576,216
Total equity	Before distribution	28,314,444	29,452,784	31,044,773	35,697,885	44,263,204
	After distribution	25,941,006	27,184,058	27,981,994	32,048,590	39,131,383

Note 1: Above financial information is based on the audited financial statements of the corresponding year.
Note 2: The appropriations of earnings for 2022 were approved by the board of directors.

6.1.3 Stand-alone Condensed Statement of Comprehensive Income - Based on IFRS

Unit: NT$ thousands

Item \ Year	Financial Information for The Last Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	12,773,679	12,860,810	14,365,868	18,068,580	23,302,339
Gross profit	2,191,574	2,145,456	3,031,007	2,935,080	8,658,636
Income from operations	256,550	94,492	962,813	728,065	5,916,345
Non-operating income and expenses	2,410,833	3,041,011	2,841,688	4,570,923	5,062,997
Income before income tax	2,667,383	3,135,503	3,804,501	5,298,988	10,979,342
Net income for the year	2,613,673	3,083,789	3,602,589	5,150,045	9,911,750
Other comprehensive income (loss) (net of income tax)	(377,654)	222,575	169,634	2,366,571	1,915,252
Total comprehensive income for the year	2,236,019	3,306,364	3,772,223	7,516,616	11,827,002
Earnings per share (Note 2)	2.32	2.72	3.18	4.53	8.69

Note 1: Above financial information is based on the audited financial statements of the corresponding year.
Note 2: Earnings per share are based on the weighted average number of shares outstanding of the corresponding year.

6.1.4 Consolidated Condensed Statement of Comprehensive Income - Based on IFRS

Unit: NT$ thousands

Item / Year	Financial Information for The Last Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	14,208,661	13,601,676	15,362,855	19,650,564	30,060,509
Gross profit	5,930,176	6,038,586	7,021,881	8,587,820	16,229,972
Income from operations	457,165	559,811	1,847,252	3,023,246	9,199,275
Non-operating income and expenses	2,802,103	3,161,656	2,392,701	3,525,665	2,885,251
Income before income tax	3,259,268	3,721,467	4,239,953	6,548,911	12,084,526
Net income from continuing operations	2,692,076	3,173,597	3,673,688	5,212,048	9,939,345
Net income for the year	2,692,076	3,173,597	3,673,688	5,212,048	9,939,345
Other comprehensive income (loss) (net of income tax)	(380,558)	199,613	181,826	2,298,867	1,933,092
Total comprehensive income for the year	2,311,518	3,373,210	3,855,514	7,510,915	11,872,437
Net income attributable to owners of the company	2,613,673	3,083,789	3,602,589	5,150,045	9,911,75
Net income attributable to non-controlling interests	78,403	89,808	71,099	62,003	27,595
Total comprehensive income attributable to owners of the company	2,236,019	3,306,364	3,772,223	7,516,616	11,827,002
Total comprehensive income (loss) attributable to non-controlling interests	75,499	66,846	83,291	(5,701)	45,435
Earnings per share (Note 2)	2.32	2.72	3.18	4.53	8.69

Note 1: Above financial information is based on the audited financial statements of the corresponding year.
Note 2: Earnings per share are based on the weighted average number of shares outstanding of the corresponding year.

The name and opinion of the independent auditor within the last 5 year

Year	CPA Firm	Name of CPAs	Audit Opinion
2018	Deloitte Touche Tohmatsu Limited	Ya-ling Weng / Chih-Ming Shao	unqualified opinion
2019	Deloitte Touche Tohmatsu Limited	Hui-min Huang / Chih-Ming Shao	unqualified opinion
2020	Deloitte Touche Tohmatsu Limited	Hui-min Huang / Chih-Ming Shao	unqualified opinion
2021	Deloitte Touche Tohmatsu Limited	Hui-min Huang / Chih-Ming Shao	unqualified opinion
2022	Deloitte Touche Tohmatsu Limited	Hui-min Huang / Ya-Ling Weng	unqualified opinion
Note: Following an internal adjustment within Deloitte Taiwan, CPA Hui-Min Huang and CPA Ya-Ling Weng have been appointed to replace CPA Hui-Min Huang and CPA Chih-Ming Shao starting from the first quarter of 2022.			

6.2 Five-Year Financial Analysis

A. Financial Analysis - Unconsolidated based on IFRS

Item	Year	Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	20.96	23.01	26.80	38.34	30.60
	Ratio of long-term capital to property, plant and equipment	2,038.86	2,252.87	2,395.76	1,651.90	1,387.79
Solvency (%)	Current ratio	95.32	84.06	67.74	67.86	93.53
	Quick ratio	70.64	61.54	50.39	50.83	65.48
	Interest earned ratio	187.41	83.98	74.45	86.48	115.79
Operating performance	Accounts receivable turnover (times)	3.03	3.41	3.61	3.00	3.29
	Average collection period	120.46	107.03	101.10	121.66	110.94
	Inventory turnover (times)	5.89	6.41	6.76	6.03	4.26
	Accounts payable turnover (times)	2.07	2.76	3.04	2.27	1.87
	Average days in sales	61.96	56.94	53.99	60.53	85.68
	Property, plant and equipment turnover (times)	9.08	9.50	10.86	10.18	8.01
	Total assets turnover (times)	0.37	0.35	0.36	0.37	0.39
Profitability	Return on total assets (%)	7.55	8.53	9.19	10.53	16.65
	Return on stockholders' equity (%)	9.53	10.83	12.11	15.68	25.14
	Pre-tax income to paid-in capital (%)	23.39	27.49	33.36	46.47	96.28
	Profit ratio (%)	20.46	23.98	25.08	28.50	42.54
	Earnings per share (NT$)	2.32	2.72	3.18	4.53	8.69
Cash flow	Cash flow ratio (%)	0.61	(0.91)	15.47	19.46	29.79
	Cash flow adequacy ratio (%)	10.42	8.42	28.55	34.75	44.11
	Cash reinvestment ratio (%)	(5.15)	(6.72)	(1.86)	2.03	0.52
Leverage	Operating leverage	2.10	4.39	1.31	1.42	1.07
	Financial leverage	1.06	1.67	1.06	1.09	1.02

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

(1) The decrease in the debt-to-assets ratio is attributed to the reduction in accounts payable, notes payable, and contractual liabilities.
(2) The various ratios measuring debt-servicing ability have increased. This is due to the use of long-term loans to support capital expenditures, leading to higher current ratio and quick ratio. Additionally, the growth in demand for electronic paper applications and increased profitability have resulted in a higher interest coverage ratio.
(3) The decrease in inventory turnover is a result of an increase in average inventory level, which in turn has led to an increase in average days of inventory.
(4) The decrease in the turnover ratio of real estate, buildings, and equipment is due to the increase in net value resulting from the expansion of production lines.
(5) The increase in profitability ratios and the decrease in operating leverage are attributed to the growth in demand for electronic paper applications, leading to increased profitability..
(6) The increase in the cash flow ratio is due to the decrease in current liabilities.
(7) The increase in the cash flow adequacy ratio is attributed to the rise in operating cash flow over the past five years.
(8) The decrease in the cash reinvestment ratio is a result of increased capital expenditures.

B. Consolidated Financial Analysis - Consolidated based on IFRS

Item	Year	Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	23.30	29.24	32.22	37.38	32.03
	Ratio of long-term capital to property, plant and equipment	662.60	778.73	826.80	732.56	636.62
Solvency (%)	Current ratio	287.27	234.98	189.49	107.98	187.68
	Quick ratio	253.08	211.80	169.87	83.00	151.03
	Interest earned ratio	114.94	46.94	39.34	67.12	84.42
Operating performance	Accounts receivable turnover (times)	6.68	6.32	8.90	8.47	7.56
	Average collection period	54.64	57.75	41.01	43.09	48.28
	Inventory turnover (times)	4.06	3.90	4.18	3.57	3.23
	Accounts payable turnover (times)	4.67	6.04	6.13	4.72	5.41
	Average days in sales	89.90	93.58	87.32	102.24	113.00
	Property, plant and equipment turnover (times)	3.06	3.15	3.76	4.20	4.52
	Total assets turnover (times)	0.39	0.35	0.35	0.38	0.49
Profitability	Return on total assets (%)	7.24	8.03	8.43	10.16	16.44
	Return on stockholders' equity (%)	9.53	10.83	12.11	15.68	25.14
	Pre-tax income to paid-in capital (%)	27.89	31.84	36.55	56.88	105.73
	Profit ratio (%)	18.39	22.67	23.45	26.21	32.97
	Earnings per share (NT$)	2.32	2.72	3.18	4.53	8.69
Cash flow	Cash flow ratio (%)	43.44	34.16	42.52	26.29	44.98
	Cash flow adequacy ratio (%)	222.13	165.17	129.85	73.37	63.43
	Cash reinvestment ratio (%)	2.81	2.15	7.12	3.92	4.33
Leverage	Operating leverage	3.42	3.23	1.64	1.35	1.11
	Financial leverage	1.07	1.18	1.06	1.03	1.02

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

(1) The various ratios measuring debt-servicing ability have increased. This is due to the use of long-term loans to support capital expenditures, resulting in higher current ratio and quick ratio. Additionally, the growth in demand for electronic paper applications and increased profitability have led to an increase in the interest coverage ratio.

(2) The total asset turnover ratio has increased, which is attributed to the increase in profitability.

(3) The profitability ratios have increased, driven by the growth in demand for electronic paper applications and increased profitability.

(4) The cash flow ratio has increased due to the decrease in current liabilities.

6.3 The Review Report of the Audit Committee on the financial statements covering the most recent year.

Review Report of the Audit Committee

We express our consent on the separate and consolidated financial statements compiled by the Board of Directors covering the year ended on December 31, 2022. These financial statements were audited by Hui-Min Huang and Chih-Ming Shao, CPAs of Deloitte Taiwan with the issuance of Auditors' Report.

The Board of Directors also presented the 2022 Business Report and Proposal for Distribution of Income of the year for our review. In our opinion, these reports and statements were fairly presented in accordance with applicable legal rules. We present the aforementioned statements and report to the Shareholders Meeting pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

2023 Annual General Meeting of Stockholders Meeting

E INK HOLDINGS INC.

Convener of the Audit Committee: Po-Young Chu

Date: February 23, 2023

6.4 The financial statements covering the last 2 years, including the Auditors' Report, Comparative Balance Sheets, Comparative income Comparative Comprehensive Income Statements, Comparative Statement of Changes in equity, and Comparative Statements of Cash Flows covering the last 2 years and the notes to financial statements: Refer to the appendix.

6.5 Audited separate financial statements covering the most recent year, excluding the list of important accounting items: Refer to the appendix.

6.6 Insolvency of the Company and its affiliates in the most recent year to the date this report was printed, and the influence on the financial position of the Company: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT$ thousands

Item \ Year	Dec. 31th, 2022	Dec. 31th, 2021	Difference	
			Amount	%
Current assets	25,164,715	19,263,374	5,901,341	30.64
Property, plant and equipment	8,033,290	5,274,647	2,758,643	52.3
Intangible assets	7,712,932	7,214,678	498,254	6.91
Other non-current assets	24,215,123	25,257,300	(1,042,177)	(4.13)
Total assets	65,126,060	57,009,999	8,116,061	14.24
Current liabilities	13,408,141	17,839,575	(4,431,434)	(24.84)
Non-current liabilities	7,454,715	3,472,539	3,982,176	114.68
Total liabilities	20,862,856	21,312,114	(449,258)	(2.11)
Share capital	11,404,047	11,404,047	-	-
Capital surplus	10,748,007	10,407,670	340,337	3.27
Retained earnings	17,822,789	11,000,202	6,822,587	62.02
Other equity	3,712,145	2,355,247	1,356,898	57.61
Total equity attributable to owners of the Company	43,686,988	35,167,166	8,519,822	24.23
Non-controlling interests	576,216	530,719	45,497	8.57
Total equity	44,263,204	35,697,885	8,565,319	23.99

Main reasons and their impacts for significant changes in assets, liabilities, and shareholders' equity over the past two years:

(1) The increase in current assets is mainly due to the increase in net cash inflow generated from operations in the current year, with a portion of the funds used for investment in financial instruments.

(2) The increase in real estate, factory buildings, and equipment is primarily due to the expansion of production lines.

(3) The decrease in current liabilities is mainly due to the reduction in short-term notes payable and contractual liabilities.

(4) The increase in non-current liabilities is primarily due to the increase in long-term borrowings to support increased capital expenditures.

(5) The increase in retained earnings is mainly attributable to the profits earned in the current year.

7.2 Analysis of Operation Results

(1) Financial Analysis

Unit: NT$ thousands

Item \ Year	2022	2021	Difference	
			Amount	%
Operating revenue	30,060,509	19,650,564	10,409,945	52.98
Operating costs	13,830,537	11,062,744	2,767,793	25.02
Gross profit	16,229,972	8,587,820	7,642,152	88.99
Operating expenses	7,030,697	5,564,574	1,466,123	26.35
Income from operations	9,199,275	3,023,246	6,176,029	204.28
Non-operating income and expenses	2,885,251	3,525,665	(640,414)	(18.16)
Income before income tax	12,084,526	6,548,911	5,535,615	84.53
Income tax expense	(2,145,181)	(1,336,863)	(808,318)	60.46
Net income for the year	9,939,345	5,212,048	4,727,297	90.7

Analysis and explanation of the main reasons for significant changes in operating revenue, operating profit, and pre-tax profit over the past two years:

(1) The increase in operating net profit is mainly due to the impact of product portfolio and sales growth.

(2) The decrease in non-operating income and expenses is primarily due to a reduction in gains from the disposal of investments.

(3) The increase in income tax expenses is mainly due to the profits earned in the current year.

(2) Expected sales volume and its considerations

The company establishes annual sales targets and determines the expected sales quantity based on the overall industry environment, market supply and demand conditions, and past business performance.

(3) Anticipated impact on the company's future financial operations and response plans

Based on sales and operational objectives, the company establishes operational and financial plans. The achievement of these plans may be influenced by factors such as industry environment, market supply and demand, and the company's operational conditions. However, each department within the company will confirm and control the achievement of goals according to the established plans. Additionally, response plans will be formulated for actual or potential factors that may impact the achievement of the plans, ensuring the attainment of objectives. Furthermore, considering the growth of the company's business, adjustments to product portfolio will be made based on changes in market demand. The company will continuously strive for product optimization and innovation, maintaining a technological advantage and product competitiveness, in order to expand market share and enhance profitability.

7.3 Analysis of Cash Flow

7.3.1 Analysis of the changes in cash flows in the most recent year

Unit: NT$ thousands

Cash balance at the beginning of period ①	Cash flows from operating activities of the period ②	Cash flows from investing activities of the period ③	Cash flows from financing activities of the period ④	The influence of changes in the exchange rate on cash and cash equivalents ⑤	Amount of cash surplus (short) ①+②+③+④+⑤	Remedy for cash short	
						Investment plan	Financing plan
8,751,235	6,031,002	(3,670,158)	(2,537,692)	260,679	8,835,066	N/A	N/A

1. Analysis of the changes in cash flows in the most recent year:
(1) Operating activities: Net cash inflow from operating activities is primarily due to an increase in revenue related to business growth.
(2) Investing activities: Net cash outflow from investing activities is mainly attributed to the acquisition of property, plant, and equipment.
(3) Financing activities: Net cash outflow from financing activities is primarily due to an increase in borrowings and the payment of cash dividends.
2. Remedial measures for cash shortages and plans to improve liquidity: Not applicable.

7.3.2 Cash Flow Analysis for the Coming Year

The company expects that the cash on hand and net cash inflows from operating activities in 2023 will be sufficient to cover various cash outflows, including repayment of bank loans and the payment of cash dividends. As a result, the company anticipates good cash liquidity in the future.

7.4 Impact of major capital expenditures in recent years

Unit: NT$ thousands

Project	Actual or Planned Source of Capital	Total Capital	Actual or Expected Capital Expenditure	
			2022	2021
Plant, equipment and other	Equity fund	4,933,139	3,101,381	1,831,758

Expected potential benefits: The aforementioned capital expenditures are in response to the company's business development and serve various purposes such as expanding production capacity, improving production efficiency, and developing new technologies. .

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

7.5.1 Investment Policy in the Last Year

1. Investments were made in related upstream and downstream ePaper industries to complement the long-term development of the Company. These aimed to lower production costs and increase production capacity.
2. The main consideration during investment was business development and overseas growth strategy. Financial returns and risks served as the basis for investment strategy.

7.5.2 Profit and loss analysis for invested businesses

Invested businesses as a whole delivered NT$4,377,363 thousand in profits during 2022, an increase of NT$186,730 thousand compared with 2021. This increase was mainly attributed to an increase in subsidiary revenues and profit margins.

7.5.3 Improvement Plans & Investment Plans for the Coming Year

The company's investment in the investment businesses is guided by long-term strategic objectives. It continues to focus on developing new types of EPD and related applications within the upstream and downstream ecosystem. The goal is to expand the market presence in the EPD industry while considering financial risks and investment returns. A cautious evaluation is undertaken to maximize the value created by the company.

7.6 Risks of the most recent year and as of the printing date of this annual report

7.6.1 The influence of interest rate, exchange rate fluctuation, inflation on the income position of the Company, and the responses in the future:

1. Interest rate:
   As of the publication date, the US and Taiwan have increased interest rates, leading to higher deposit interest rates. The company has adjusted the allocation of funds in a timely manner to effectively utilize its capital.

2. Exchange rate:
   The company's foreign currency assets and liabilities are primarily in USD. In 2022, the USD appreciated against the TWD and KRW, resulting in exchange gains for the company. As of the publication date, the USD exchange rate against the TWD and KRW has fluctuated. The company will continue to retain and increase its USD assets while appropriately hedging to mitigate the impact of exchange rate fluctuations.

   Future measures:
   The company adheres to a prudent foreign exchange strategy, dynamically adjusts its foreign currency assets and liabilities, and continues to utilize hedging instruments to control the impact of exchange rate volatility on the overall operations of the company.

3. Inflation:
   Many countries globally continue to adopt relatively loose monetary policies, raising concerns about future inflation. However, the short-term impact of inflation on the company's profitability is minimal.

7.6.2 Undertaking of high risk and high leverage investment, the policies of loaning of funds to a third party, and endorsement/guarantee, the main reason for profit or loss, and the response in the future:

The Company was not engaged in high risk and high leverage investment. In general, the Company does not finance a third party or undertake endorsement/guarantee in favor of a third party except to subsidiaries under the control of the Company or for business reasons. Loaning of funds and endorsement/guarantee shall be subject to review and evaluation in accordance with the "Procedure for Loaning of Funds and Endorsement/Guarantee" in processing. The Company engaged in derivative trade for hedge only and will proceed with the policies and measurement under the "Procedure for the Acquisition or Disposition of Assets" of the Company.

7.6.3 R&D Plan in the future and the projection of expenses for R&D:

In the coming five years, the company will continue its current research and development direction, focusing on the technological advancements of electronic paper displays. Research will be conducted in areas such as large size, colorization, lightweight design, touch functionality, writability, and flexibility. Process technology will also be explored in terms of integration and functional enhancement. Attention will be given to the development of TFT-related materials to improve overall product quality and production yield. Additionally, the company will continue to invest in the development of other display-related technologies. The goal is to combine different advantages in display technologies to meet the unique product demands of niche customers, ensuring sustainable development in the competitive display industry.

Expanding the applications of electronic paper beyond electronic readers and exploring other areas within the display field is an important focus for the company's research team. Currently, the company's electronic paper technology has made significant progress in the field of electronic labels. The research team will align with market demands and launch relevant products to adapt to the rapid development of electronic labeling. Other applications in areas such as electronic note systems, IoT devices, smart cards, dual-screen phones, and signage displays are also actively pursued. The total research expenditure for the above-mentioned projects in the next year is estimated to be around 10% to 15% of the revenue proportion.

7.6.4 The influence of the changes in major policies of the home governments and foreign governments, and the regulatory environment, on the financial position and operation of the Company, and the response:

The Company pays close attention to any change in policies and regulatory environment that may affect the operation of the Company and makes corresponding adjustment to its related internal system.

7.6.5 The influence of technological and industrial change on the financial position and operation of the Company, and the response:

The Company pays close attention to the technological development and change in the display industry and proceeds to evaluate and research and development. Technological change and industrial change did not significantly affect the financial position and operation so far.

7.6.6 The influence of the change in corporate image on corporate crisis management, and the response:

The core value of an enterprise is corporate image and reputation. The buildup of an image and accumulation of reputation was rested with the cornerstone of rapid and effective communication and sincerity. It is not only the responsibility of the enterprise but also the responsibility of all of the enterprise for the effective and efficient response to crisis of the enterprise and minimization of the damage. The officers of the Company are well aware of crisis management and amplify the effect of dissemination so that related agencies or the investors could keep abreast of the dynamic situation of the Company. The long-term support and trust of the investors will be an input to the sustainable development of the enterprise for yielding positive result.

7.6.7 The expected result of merger and acquisition and possible risk, and the response: None.

7.6.8 The expected result from capacity expansion and possible risk:

To meet market demand, the company added production lines to expand capacity. In March 2021 and December 2020, the board of directors approved the expansion plan for the Hsinchu factory. Additionally, in August 2022, the board of directors decided to construct a new office building for the Guanyin factory. Furthermore, the subsidiary, TOC, also had BoD approved investment plans for expanding factory space and increasing production capacity over the next three to five years.

7.6.9 The risks of over concentration of sale and purchase, and the response:

The Company has pursued a diversification policy for avoiding the risk deriving from over concentration in purchase and sale.

7.6.10 The influence and risk from the massive transfer of equity shares or swap by the Directors, Supervisors, or shareholders holding more than 10% of the shares issued by the Company, and the response: None.

7.6.11 The influence and risk from change hand in ownership, and the response: None.

7.6.12 Legal actions or non-contentious matters shall be assured to include major legal actions, non-contentious matters or administrative appeals already trialed with sentence or in proceeding as stated in the financial statements covering the most recent year: None.

7.6.13 Other important risks, and mitigation measures being or to be taken:

<u>Assessment and response measures for information security risks</u>

- Continuously monitor internal and external information security risks.
- Effectively identify threat sources and analyze their likelihood and impact on the organization's exposure.
- Discuss and make decisions regarding the disposal of risks identified through risk evaluation in the information security committee.
- Strengthen the detection and defense capabilities for internal and external information security risks.

1. Prevention and operational management of information system risks:
    (1) The server hardware architecture is designed with hardware redundancy mechanisms. From server hardware and storage devices to network infrastructure design, hardware redundancy mechanisms are in place to prevent information system service interruption due to a single hardware system failure.
    (2) The information systems are equipped with continuous monitoring and alert mechanisms. Real-time monitoring systems are implemented for all information systems to promptly notify system administrators in case of abnormalities for troubleshooting.
    (3) The information systems have automated scheduling and data replication backup mechanisms.
    (4) The main information systems and databases have off-site backup servers.

2. Emergency response and crisis management:
   E Ink has defined a rigorous emergency response procedure for system problems. A post-disaster recovery exercise is conducted for the primary systems every year to ensure that employees can handle emergencies in a calm and orderly manner without panicking. After each incident, a post-disaster recovery exercise review is also held and logged for future reference. The information is used to improve operator familiarity and minimize the time need for disaster recovery.

3. Continuity management and information security controls for front-end information equipment:
   (1) The wired network is equipped with network access security controls that prevent unauthorized computers from maliciously connecting to the internal network and accessing the internal company information.
   (2) Strict device and account authentication measures are in place for the wireless network to prevent unauthorized devices from accessing the internal network as well.
   (3) Strict information security controls are installed for computer terminals. In addition to hardware encryption, strict controls and application procedures have been put into place for USB ports, software installation, and the access of network or cloud storage devices.
   (4) The necessary security controls have been put into place for managing smart mobile devices used as mobile offices. These not only meet the mobile office needs of employees but also provide the necessary information security controls.
   (5) Devices with Internet access are equipped with online behavior management and virus protection mechanisms. The websites that employees can access are also filtered. The age of the system however means it may provide insufficient protection against constantly evolving web services, computer viruses, phishing attacks, hacker attacks and online scams.
   (6) An e-mail protection system has been set up to filter out computer viruses, phishing attacks, hacker attacks and online scams spread through e-mail.
   (7) Apart from the above system protections, the information security unit conducts educate employees to raise their awareness on potential threats and proper methods of use in order to reduce information security risks to the company.

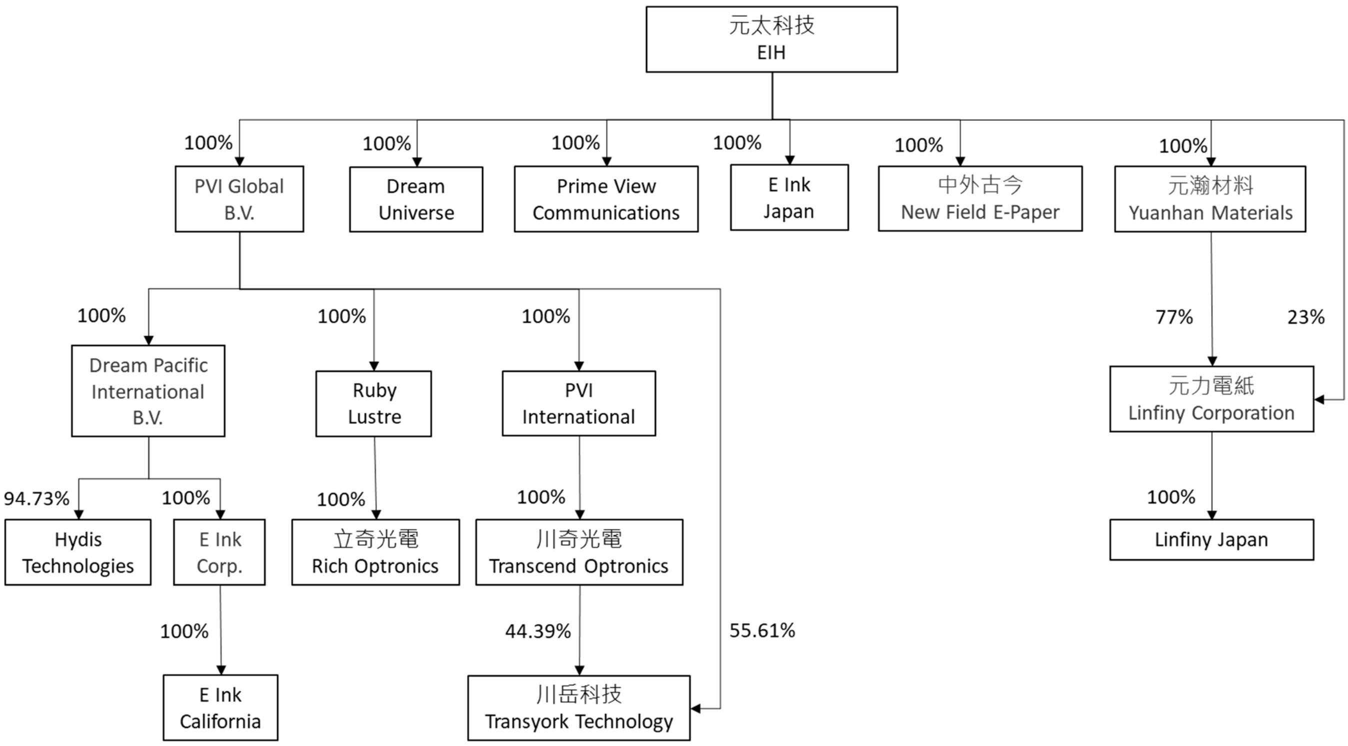
4. External exposure monitoring, analysis, and vulnerability detection:
   For high-risk information services exposed to the outside world, an external exposure monitoring, analysis, and vulnerability detection scanning and patching mechanism is established within the group. This is to reduce the risk of external malicious intrusions and attacks.

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Summary of Affiliated Companies

Mar 31, 2023



8.1.2 Basic Information of Affiliated Companies

December 31, 2022/In NT$'000 unless otherwise specified

Company Name	Date of Inception	Address	Registered Capital	Main Business or Production
YuanHan Materials Ltd.	2000.05.29	15F, No. 51, Sec. 2, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan	1,838,192	Research, development and sale of electronic parts and electronic ink
New Field e-Paper Co., Ltd.	2009.06.01	No. 199 Huaya Road 2,Kweishan Taoyan Taiwan	1,772,171	Investment
Linfiny Corporation	2017.04.11	No. 199 Huaya Road 2,Kweishan Taoyan Taiwan	420,000	Research and development of Electronic ink
Linfiny Japan Inc.	2017.04.27	1-24-2, Taito, Taito District, Tokyo, Japan	20,000(JPY'000)	Research and development of Electronic ink
E Ink Corporation	1997.04.02	1000 Technology Park Drive, Billerica, Massachusetts, United States of America	US$2	Manufacture and sale of electronic ink
E Ink California, LLC	2014.07	47485 Seabridge Dr., Fremont, CA, 94538, USA	190(US$'000)	Sale and Development of Electronic Material
E Ink Japan Inc.	2014.12.04	2F, Dai12DaitetsuBldg., 3-12, Yotsuya 4-chome, Shinjuku-ku,Tokyo	10,000(JPY'000)	Development of electronics ink products
PVI Global B.V.	2002.04.30	Palm Grove House, P.O.BOX438, RoadTown, Tortola, British Virgin Islands	437,536 (US$'000)	Investment
PVI International Corp.	2002.04.30	Palm Grove House, P.O.BOX438, RoadTown, Tortola, British Virgin Islands	160,300(US$'000)	Trading
Prime View Communications Ltd.	2002.04.11	2/F., SHA TIN INDUSTRIAL BUILDING, 22-28 WOSHUI STREET, FOTAN, SHATIN, N.T., HONGKONG	3570(HK$'000)	Trading
Dream Universe Ltd.	2004.03.31	3rdFloor, Raffles Tower, 19 Cybercity, Ebene, Republic of Mauritius	4,050(US$'000)	Trading
Ruby Lustre Ltd.	2003.01.03	Palm Grove House, P.O.BOX438, RoadTown, Tortola, British Virgin Islands	30,000(US$'000)	Investment
Dream Pacific International B.V.	2004.03.31	Palm Grove House, P.O.BOX 438, RoadTown, Tortola, British Virgin Islands	355,123 (US$'000)	Investment
Transcend Optronics (Yangzhou) Co., Ltd.	2002.04.30	NO.8,Wuzhou West Road, Economic and Technological Development Zone, YANGZHOU, P.R.China	187,300 (US$'000)	Assembly and sale of display panels
Rich Optronics (Yangzhou) Co., Ltd.	2004.03.31	NO.8,Wuzhou West Road, Economic and Technological Development Zone, YANGZHOU, P.R.China	30,000(US$'000)	Assembly and sale of display panels
Hydis Technologies Co., Ltd.	2002.11.25	Urbanbench Building 9F, 325, Teheran-ro, Gangnam-gu, Seoul, Republic of Korea	19,967,175(KRW$'000)	Display product development and patent licensing
Transyork Technology Yangzhou Ltd.	2011.03.04	No. 8, Wuzhou West Road, Jingji Development Area, Yangzhou, P.R.China	36,931(US$'000)	Assembly and sale of display panels

8.1.3 Shareholder information of affiliates to which the Company exercise control: None.

8.1.4 Industries covered by business of all affiliated companies

Company Name	Main Business or Production	Allocation of Function
YuanHan Material Ltd.	Research, development and sale of electronic parts and electronic ink	Sale and Development of Electronic Material
New Field e-Paper Co., Ltd.	Investment	Not Applicable
Linfiny Corporation	Research and development of Electronic ink	Development of Electronic Material
Linfiny Japan Inc.	Research and development of Electronic ink	Development of Electronic Material
E Ink Corporation	Manufacture and sale of electronic ink	Sale, Manufacturing and Development of Electronic Components
E Ink California, LLC	Research, development and sale of electronic ink	Sale and Development of Electronic Material
E Ink Japan, Inc.	Development of electronics ink products	Development of Electronic Material
PVI Global B.V.	Investment	Not Applicable
PVI International Corp.	Trading	Not Applicable
Prime View Communications Ltd.	Trading	Not Applicable
Dream Universe Ltd.	Trading	Not Applicable
Ruby Lustre Ltd.	Investment	Not Applicable
Dream Pacific International B.V.	Investment	Not Applicable
Transcend Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	Manufacturing and sale of Parent Company's Products
Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	Manufacturing and sale of Parent Company's Products
Hydis Technologies Co., Ltd.	Display product development and patent licensing	Development of Display Devices and patent licensing
Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	Not Applicable

8.1.5 Directors, statutory auditor(s) and President of each affiliated companies

Dec 31, 2022

Company Name	Title	Representatives	Ownership	
			Number of Shares	Percentage
YuanHan Materials Ltd.	Director	Luke Chen、Johnson Lee、FY Gan	183,819,268	100%
	Supervisor	Patrick Chang		
New Field e-Paper Co., Ltd.	Director	Lloyd Chen、Johnson Lee、FY Gan	177,217,132	100%
	Supervisor	Patrick Chang		
Linfiny Corporation	Director	Johnson Lee、FY Gan、Luke Chen、JM Hung、Jim Chang、Naoki Sumita、Terushi Shimizu	34,020,000	81%
	Supervisor	Patrick Chang		
Linfiny Japan Inc.	Director	Johnson Lee、Naoki Sumita、Keisuke Hashimoto	4,000	81%
	Supervisor	Patrick Chang		
E Ink Corporation	Director	S.C. Ho、Johnson Lee、FY Gan、Luke Chen、Paul Apen	2,282	100%
E Ink California, LLC	General Manager	FY Gan	27,400,000	100%
E Ink Japan Inc.	Director	Johnson Lee、Patrick Chang、Naoki Sumita	200	100%
PVI Global B.V.	Director	Johnson Lee、Su, Ning-Ning	108,413,176	100%
PVI International Corp.	Director	Johnson Lee、Lloyd Chen	169,300,000	100%
Prime View Communications Ltd.	Director	Johnson Lee、Amanda Tseng	3,570,000	100%
Dream Universe Ltd.	Director	Luke Chen、Patrick Chang	4,050,000	100%
Ruby Lustre Ltd.	Director	Luke Chen、Patrick Chang	30,000,000	100%
Dream Pacific International B.V.	Director	Johnson Lee、Su, Ning-Ning	26,000,000	100%
Transcend Optronics (Yangzhou) Co., Ltd.	Director	Johnson Lee、Luke Chen、Mano Lo	-	100%
	Supervisor	Patrick Chang		
	General Manager	Roger Chou		
Rich Optronics (Yangzhou) Co., Ltd.	Director	Johnson Lee、Luke Chen、Roger Chou	-	100%
	Supervisor	Patrick Chang		
	General Manager	Roger Chou		
Hydis Technologies Co., Ltd.	Director	Johnson Lee、FY Gan、Lloyd Chen、Cecil Liu	3,783,265	94.73%
	Supervisor	Patrick Chang		
	General Manager	Cecil Liu		
Transyork Technology Yangzhou Ltd.	Director	Johnson Lee、Luke Chen、Mano Lo	-	100%
	Supervisor	Patrick Chang		
	General Manager	Roger Chou		

8.1.6 Operation Overview of Affiliated Companies

As of December 31, 2022/Unit:NT$ thousands, except Earnings Per Share(NT$)

Company Name	Currency	Registered Capital	Total Assets	Total Liabilities	Net Asset Value	Revenue	Operating Profit/Loss	Net Profit/Loss	EPS (Note1)
New Field e-Paper Co., Ltd.	NT$'000	1,772,171	1,651,858	7,529	1,644,329	0	(1,812)	31,568	0.18
E Ink Corporation	US$'000	2	215,677	78,434	137,243	120,622	8,604	8,559	3,750.66
E Ink California, LLC	US$'000	190	44,275	12,374	31,901	23,591	2,280	2,223	0.08
E Ink Japan Inc.	JP¥'000	10,000	94,627	21,563	73,064	204,035	10,016	1,703	8,515.00
PVI Global Limited	US$'000	437,536	1,011,137	58 元	1,011,079	0	(145)	130,026	1.20
PVI International Corp.	US$'000	169,300	252,803	0	252,803	0	(3)	83,275	0.49
Prime View Communications Ltd.	HK$'000	3,570	17,877	35,380	(17,503)	0	(7,962)	(7,952)	(2.23)
Dream Universe Ltd.	US$'000	4,050	13,693	893	12,800	0	(5)	192	0.05
Ruby Lustre Ltd.	US$'000	30,000	32,774	0	32,774	0	0	6,934	0.23
Dream Pacific International Limited	US$'000	355,123	687,127	2,197	684,930	18	(90)	38,655	1.49
Transcend Optronics (Yangzhou) Co., Ltd.	CN¥'000	US$187,300	3,525,399	1,766,208	1,759,191	4,211,665	607,835	564,643	N/A
Rich Optronics (Yangzhou) Co., Ltd.	CN¥'000	US$30,000	372,294	144,033	228,261	418,154	29,184	46,462	N/A
Hydis Technologies Co., Ltd.	KR₩'000	19,967,175	469,134,432	19,418,473	449,715,959	0	(5,169,380)	32,202,317	8,063.81
Transyork Technology Yangzhou Ltd.	CN¥'000	US$36,931	200,425	2,022	198,403	0	(3,188)	11,659	N/A
Linfiny Japan Inc.	JP¥'000	20,000	148,883	42,083	106,800	209,505	9,781	9,530	2,382.50
Linfiny Corporation	NT$'000	420,000	149,101	135,432	13,669	72,399	(57,535)	(16,071)	(0.38)
YuanHan Materials Inc.	NT$'000	1,838,193	11,668,053	3,177,307	8,490,746	2,135,225	374,451	529,398	2.88

Note1: EPS is after-tax basis, with same currency unit.

8.1.7 Affiliated Parties Consolidated Financial Statements: Please refer to Appendix “Consolidated Financial Statements”.

8.1.8 Affiliated Parties Report: Not Applicable.

8.2 Declaration on Internal Control System

E Ink Holdings Inc.

Declaration on Internal Control System

Date: February 23, 2023

The Company hereby declares the following in relation to its internal control system established in 2022 based on its own evaluation:

1. Knowing that the establishment, implementation and maintenance of internal control system are the responsibilities of the Company's board of directors and managers, the Company has established such system. The purpose of the system is to achieve reasonable assurance of effective and efficiency of operations (including profits, performance and safeguard of asset security), reliability, timeliness, transparency and regulatory compliance of reporting and compliance with applicable laws, regulations and bylaws.
2. An internal control system has inherent limits. However, complete the design, an effective internal control system can only provide reasonable assurance for the achievement of the three objectives above. The effectiveness of the internal control system may also vary due to the change of environment and situation. However, the Company's internal control system includes an auto-supervisory mechanism. Once a deficiency is identified, the Company will be able to undertake corrective actions immediately.
3. The Company adopts the criteria for effectiveness of the internal control system under the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter the "Regulations") to determine whether the design and implementation of the internal control system are effective. The Regulations divide the internal control system into 5 constituent elements in the process of control: 1. Control environment, 2. Risk assessment, 3. Control procedure, 4. Information and communication, and 5. Supervision. Each constituent element also includes several items. For these items, please refer to the provisions of the Regulations.
4. The Company has adopted the above internal control system criteria to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the results of the evaluation under the previous paragraph, the Company deems that, in relation to its internal control system as of December 31, 2022(including supervision and management of subsidiaries), the design and implementation of the internal control system are effective, including an understanding of the level of achievement of the objectives of operational results and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting and compliance with applicable laws, regulations and bylaws, and can reasonably ensure the achievement of these objectives.
6. This Declaration will become a main part of the Company's annual report and prospectus and will be published. Any falsity of concealment of such publication will result in legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Declaration is approved by the board of directors of the Company on February 23, 2023. All 9 attending directors approved this Declaration, and no director voiced any objection. In witness hereof.

E Ink Holdings, Inc.

Chairman: Johnson Lee

President: FY Gan

8.3 The offering of securities through private placement in the most recent year to the date this report was printed: None.

8.4 The holding or disposals of Company shares by subsidiaries in the most recent year to the date this report was printed: None.

8.5 Additional Information: None.

8.6 Incidents that caused significant influence on the shareholders' equity or stock price of the Company as stated in Subparagraph3, Paragraph 2 in Article 36 of this law in the most recent year to the date this report was printed: None.

8.7 Major resolutions of the Shareholders Meeting and Board in the most recent year to the date this report was printed.

1. Major resolutions passed in shareholder meetings and the execution progress

The Company's 2022 annual general meeting was held on June 22, 2022 at the Company's first-floor conference room (No. 3, Lixing 1st Rd., Hsinchu Science Park, Hsinchu City).
Below is a summary of resolutions made during the meeting and the execution progress:

Acknowledgments, discussions, and election	Current progress:
(1) 2021 year-end accounts of the Company.	Approved.
(2) 2021 earnings distribution of the Company.	Resolution passed; the Company paid cash dividends on August 25, 2022.
(3) Partial amendments to the Company's Articles of Association.	Resolution passed; the Company completed registration for change of capital on July 5, 2022.
(4) Proposal for partial amendments to the Company's "Shareholders Conference Rules."	Approved.
(5) Proposal for partial amendments to the Company's "Procedures of Acquisition or Disposal of Asset."	Approved.
(6) Proposal to remove restrictions imposed against the Company's directors for involving in competing businesses.	Approved.

2. Important resolutions of the board of directors

The Company convened a total of 6 board of directors meetings in 2022 and for the period up until February 23, 2023. Below is a summary of major resolutions:

Board of Director Date	Session	Resolution
2022.3.11	12th meeting of the 11th board	1. Presentation of the Company's 2021 year-end accounts 2. Proposal of the Company's 2021 earnings appropriation 3. Proposal to allocate employee and director remuneration from 2021 profits, and to determine details including the payment method and eligible payees 4. Presentation of the Company's 2021 "Declaration of Internal Control System" 5. Proposal to apply for credit limits with banking partners 6. Proposal to designate the Company as co-drawer for subsidiary's credit limits maintained with banking partners 7. Proposal to lend capital to one of the group subsidiaries - Yuanhan Materials Inc. (Yuanhan) 8. Proposal for partial amendments to the Company's Articles of Incorporation 9. Proposal for partial amendments to the Company's "Shareholders Conference Rules." 10. Proposal for partial amendments to the Company's Procedures of Acquisition or Disposal of Asset 11. Proposal to remove restrictions imposed against the Company's directors for involving in competing businesses 12. Discussion for the time, venue, and agenda of the Company's 2022 annual general meeting

Board of Director Date	Session	Resolution
2022.5.6	13th meeting of the 11th board	1. Proposal of the Company's 2022 Q1 business performance and financial statements 2. 2022 salary adjustment 3. 2022 salary adjustment for managers of Assistant Vice President grade and above 4. Review the status of 2021 organizational targets and proposal of actual allocations for the Employee Stock Ownership Plan (ESOP) 5. Proposal to apply for credit limits with banking partners 6. Proposal to designate the Company as co-drawer for subsidiary's credit limits maintained with banking partners 7. Proposal of the Company’s greenhouse inventory and certification plan 8. Proposal for appointment of Chief Information Security Officer and establishment of dedicated cybersecurity unit 9. Proposal to remove restrictions imposed against the Company's directors for involving in competing businesses 10. Proposal to remove restrictions imposed against the Company's President for involving in competing businesses 11. Proposal to subsidize business-related litigation for Company personnel
2022.8.5	14th meeting of the 11th board	1. Proposal of the Company's 2022 Q2 business performance and consolidated financial statements 2. Proposal to apply for credit limits with banking partners 3. Proposal of CPA audit service fees for 2022 4. Proposal on the Company’s disposal of shareholdings in another company 5. Proposal on the Company’s leasing of land in the Guanyin Industrial Park from Chung Hwa Pulp Corporation 6. Proposal for construction of new factory complex for the Company’s new Guanyin plant 7. Proposal for additional budget and commissioning of the mechanical-electrical and FPL production equipment in the factory complex of the Company’s Hsinchu plant.
2022.11.4	15th meeting of the 11th board	1. Proposal of the Company's 2022 Q3 business performance and consolidated financial statements 2. Proposal of the Company's 2023 "Audit Plan" 3. Proposal on adjustment of 2022 salary for managers of Assistant Vice President grade and above 4. Proposal to apply for credit limits with banking partners 5. Proposal to amend the Company’s “Procedure for Handling Material Inside Information” 6. Proposal to amend the parts of the Company’s “Procedure for the Prevention of Insider Trade” 7. Proposal to amend parts of the Company’s “Board of Directors Conference Rules” 8. Proposal for the Company to establish a “Sustainable Development Committee” 9. Proposed appointment of members for the Company's 1st Sustainable Development Committee 10. Proposal of the Company’s “Risk Management Policy and Procedure”
2022.12.20	16th meeting of the 11th board	1. Presentation of the Company's 2023 operational plan and budget 2. Proposal to apply for credit limits with banking partners 3. Proposal to construct additional FPL production equipment at the Company’s Hsinchu site.
2023.2.23	17th meeting of the 11th board	1. Presentation of the Company's 2022 year-end accounts 2. Proposed distribution for the 2022 earnings of the Company 3. Proposal to allocate employee and director remuneration from 2022 surplus, and to determine details including the payment method and eligible payees 4. Proposal on status of 2022 annual performance targets and Employee Stock Ownership Program (ESOP), and their acceptance. 5. Presentation of the Company's 2022 "Declaration of Internal Control System" 6. Proposal to apply for credit limits with banking partners 7. Proposal on the regular evaluation of financial statement auditor's independence and competence 8. Proposal of CPA audit service fees for 2023 to 2025 9. Proposal to amend part of the Company’s “Remuneration Committee Charter.” 10. Proposal to construct clean room and general production area for the FPL production line at the Company's Hsinchu site. 11. Discussion for the time, venue, and agenda of the Company's 2023 annual general meeting

8.8 Scope of Authority, Business Highlights during the Year, and Continuing Education for the Chief Governance Officer

1. The scope of authority of the chief governance officer

A dedicated position was established by the Company to manage all corporate governance affairs. The scope of authority includes:

(1) Organize Board meetings in accordance with the law.
(2) Production of Board meeting minutes.
(3) Assist with the appointment and continuing education for directors and independent directors.
(4) Provide directors and independent directors with the information necessary to carry out their duties.
(5) Assist directors and independent directors with compliance.
(6) Any other matters set out in the Company articles of incorporation, are those approved a resolution of the Board.

2. Business Highlights during the Year

I. Organizing of Board meetings and regulatory compliance:
   (1) Planning of Board meetings, drafting of the agenda, writing of proposals, providing all participating directors and attending officers with seven days' notice, and providing enough information for the meeting. This helps directors understand the nature of related topics before the meeting.
   (2) Reminds directors in advance to recuse themselves from a proposal if a conflict of interest exists. Meeting minutes should be compiled after the meeting and delivered to each director within 20 days of each meeting.
   (3) Check that the convening of Board meetings, resolutions put before the Board, resolution process and meeting procedure all conform to the relevant laws and corporate governance best practice principles.
   (4) Organize performance self-assessments for the Board of Directors, Board members, and functional committee members in accordance with the Rules for Performance Evaluation of Board Directors. The assessment completed in 2020 Q1 was completed, and the results were reported to the Board. The results of the assessment were uploaded in accordance with the law and published in the annual report.

II. Provide directors and independent directors information with the education they need and arrange for their continuing education.
   (1) Help directors understand what laws they must comply with during the execution of their duties upon request.
   (2) Assist Board members with completing at least 6 hours of continuing education each year.

3. Status of continuing education

The corporate governance officer completed 15 hours of courses related to corporate governance in 2022. Details of continuing education undertaken in 2022 are as follows:

Organizer	Name of course	Training hours
Taiwan Academy of Banking and Finance	Labor law reforms and common labor disputes (June 7th.)	3
Taiwan Academy of Banking and Finance	Public relations crisis management and response mechanism (July 5th.)	3
Taipei Exchange	Information seminar on insider equity for TPEx-listed companies (August 25th)	3
Taiwan Academy of Banking and Finance	Corporate governance seminar - Conference rules for Board and Shareholders' Meetings (September 21st.)	3
Taiwan Academy of Banking and Finance	Fair treatment of customers: Practical guide to establishing a culture of integrity, accountability mechanism, and finance-friendly mechanism, and case studies (November 29th.)	3

8.9 Policies or strategies for managing environmental, social, and corporate governance risks relating to the Company's operations

Risk category		Item	Risk description	Response strategy
Strategic aspect	Changes in economic climate and geopolitical conflict	Economic environment	The overall economic environment changes have led to a downturn in the electronics industry, resulting in declining sales that have impacted the company's revenue, profitability, and financial performance.	To mitigate the business impact of changes and uncertainty in the economic environment, we will work closely with customers to track market sales and develop response strategies while also continuing to control our expenditure and lower production costs.
		Geopolitics	US-China political and economic tensions creating greater future business uncertainty. Higher tariffs for example may impact production costs and end-user demand.	Continue to monitor external changes including global regulations, politics and economic status, and make timely adjustments to our production configuration and capacity expansion plans.
	Changes in market sales	Decline in demand for application products	Inflation threatened to send the global economy into recession in 2023. The decline in the consumer electronics market weakened sales of e-readers and e-paper notebooks. It also put pressure on prices.	The economy had an impact on consumer electronic sales but demand for ESL continued to grow. Greater emphasis will therefore be placed on sales of retail applications to compensate for reduced demand in e-readers and e-paper notebooks.
		Concentration of sales	The concentration of sales in a small number of customers expose the company to changes in their demand.	We will work with our partners to expand the e-paper ecosphere, develop a greater variety of e-paper product applications, and identify more potential customers.
	Product technology R&D	Technology R&D	If the Company cannot quickly develop innovative technologies in response to technological shifts, we will gradually lose our leading advantage in the industry.	The Company will continue to invest in FLM film and materials, color, flex, and other technologies needed by the ePaper ecosystem. A strategic road map for ePaper patents will also be executed.
		Product time-to-market	The Company risks losing customers and markets if we are unable to respond quickly to market trends on product requirements.	The Company will continue to monitor market trends in technology and application requirements, shorten our product development cycle, accelerate the commercialization and technologies, and speed up mass production off the end-user market.
Business aspect	Supply chain management	Higher procurement costs	Rising costs of materials and their storage/transport will increase the cost of production.	Alternative materials will be evaluated and a multi-source supply chain system will be established to lower material and transportation costs.
		Supply disruption	Concentrated purchase gives rise to supply disruption risks; occurrences such as insufficient capacity, factory accident, or natural disaster endured by suppliers may all result in shortage of materials.	Inventory level of all types of raw materials is checked on a weekly basis to determine the optimal inventory plan. Suppliers will be carefully assessed and active efforts made to develop new suppliers.
	Green manufacturing and expansion of	Delays in construction of new plants	We are continuing to expand our production capacity based on forecasts of future market growth. The	In response to the risk of over-expansion in production capacity, we will continue to monitor changes in

Risk category		Item	Risk description	Response strategy
	production capacity		expansion plan will lead to higher operating costs, however. If we can't achieve a corresponding increase in product sales, this will have a negative effect on our business operations.	market demand and work closely with customers to adjust our capacity expansion timetable as necessary.
		Green manufacturing	Non-compliance on waste disposal of discharge of pollutants will result in the Company being fined and impact our business reputation.	Reduce the discharge of pollutants by improve processing capacity for wastewater and emissions.
	Human resource development	Attracting and retaining talent	Inability to attract and retain quality talent in sufficient quantities may impact on company operations.	Continue to invest in talent cultivation, salary and benefits, and friendly workplace in order to attract and recruit quality talent.
		Talent development	If our people's skills cannot keep up with the times, then this will lead to the erosion of the Company's competitive advantage and growth.	The E Ink University was established by E Ink in 2020 to provide a variety of common training courses. Employee skills are enhanced through the enforcement of in-service training and the certification system.
Financial aspect	Financial and investment risk	Exchange rate fluctuations	Most of the Company's external transactions are in foreign currencies. Unfavorable exchange rate fluctuations will negatively impact revenue and profitability.	The Company insists on the pursuit of stable foreign exchange strategy with dynamic adjustment to the position of assets and liabilities in foreign currencies. This is combined with hedging tools to limit the impact of exchange rate fluctuations on our overall operations.
		Under-performance of new businesses	Our investments in new businesses may not perform as well as anticipated due to economic changes, or problems with technology and production quality.	The Company is continuing to monitor changes in market demand and technological developments. An international assessment process ensure the timely adjustment of investment strategy for optimal return.

8.10 Continuing education of directors during the fiscal year

Title	Name	Date of training		Organizer	Name of course	Training hours	Total hours of continuing education for the year
		Start	End				
Representative of Institutional Director	S.C. Ho	12/06/2022	12/06/2022	Taiwan Corporate Governance Association	The net zero pathway and direction of carbon capture, utilization and storage (CCUS) and hydrogen energy	3.0	6.0
		12/12/2022	12/12/2022	Taiwan Corporate Governance Association	Sustainable energy from combination of power generating through biomass gasification of agricultural and forestry waste, and micro-grid systems in practice	3.0	
Representative of Institutional Director	Felix Ho	05/12/2022	05/12/2022	Taiwan Corporate Governance Association	The last piece in the sustainability jigsaw - Opportunities and tools for influence investment	3.0	6.0
		08/11/2022	08/11/2022	Taiwan Corporate Governance Association	Effective maintenance of brand value for businesses using recent high profile trademark cases as an example	3.0	
Representative of Institutional Director	Chuan-Chuan Tsai	09/23/2022	09/23/2022	Taiwan Corporate Governance Association	Virtual Big Bang: Future developments in the metaverse and encrypted currency block chains	3.0	6.0
		12/06/2022	12/06/2022	Taiwan Corporate Governance Association	The net zero pathway and direction of carbon capture, utilization and storage (CCUS) and hydrogen energy	3.0	
Representative of Institutional Director	Luke Chen	11/22/2022	11/22/2022	Taiwan Corporate Governance Association	Corporate social responsibility - A discussion of corporate governance in terms of human rights policy	3.0	6.0
		12/06/2022	12/06/2022	Taiwan Corporate Governance Association	The net zero pathway and direction of carbon capture, utilization and storage (CCUS) and hydrogen energy	3.0	
Representative of Institutional Director	Johnson Lee	12/02/2022	12/02/2022	Taiwan Corporate Governance Association	The role of directorships and how it is changing under ESG	3.0	6.0
		12/06/2022	12/06/2022	Taiwan Corporate Governance Association	The net zero pathway and direction of carbon capture, utilization and storage (CCUS) and hydrogen energy	3.0	
Representative of Institutional Director	FY Gan	04/22/2022	04/22/2022	Taiwan Institute for Sustainable Energy	Taishin 30th Anniversary Sustainability and Net Zero Forum - Transform to Net Zero	3.0	6.0
		12/06/2022	12/06/2022	Taiwan Corporate Governance Association	The net zero pathway and direction of carbon capture, utilization and storage (CCUS) and hydrogen energy	3.0	

Title	Name	Date of training		Organizer	Name of course	Training hours	Total hours of continuing education for the year
		Start	End				
Independent director	Po-Young Chu	05/10/2022	05/10/2022	Taiwan Corporate Governance Association	How Board of Directors can monitor ESG risks to build corporate sustainability and competitiveness	3.0	12.0
		08/02/2022	08/02/2022	Taiwan Corporate Governance Association	Cybersecurity governance and intellectual property management	3.0	
		12/06/2022	12/06/2022	Taiwan Corporate Governance Association	The net zero pathway and direction of carbon capture, utilization and storage (CCUS) and hydrogen energy	3.0	
		12/12/2022	12/12/2022	Taiwan Corporate Governance Association	Sustainable energy from combination of power generating through biomass gasification of agricultural and forestry waste, and micro-grid systems in practice	3.0	
Independent director	Shi-Chern Yen	05/20/2022	05/20/2022	Securities and Futures Institute	2022 Prevention of insider trading information seminar	3.0	9.0
		05/27/2022	05/27/2022	Taiwan Corporate Governance Association	Forcing of corporate sustainable competitiveness in response to climate change	3.0	
		12/12/2022	12/12/2022	Taiwan Corporate Governance Association	Sustainable energy from combination of power generating through biomass gasification of agricultural and forestry waste, and micro-grid systems in practice	3.0	
Independent director	Donald Chang	04/22/2022	04/22/2022	Taiwan Institute for Sustainable Energy	Taishin 30th Anniversary Sustainability and Net Zero Forum - Transform to Net Zero	3.0	9.0
		07/29/2022	07/29/2022	Taiwan Corporate Governance Association	Creating value from mergers and acquisitions: Transnational mergers and acquisitions; Integrated management of mergers and acquisitions	3.0	
		10/28/2022	10/28/2022	Taiwan Corporate Governance Association	How corporate ESG sustainability strategy and risk management is evolving in response to new global trends	3.0	

8.11 Report on the independence and competence of the CPA for the 2023 fiscal year

I. Basic profile:

CPA names: Hui-Min Huang Ya-ling Weng	Accounting firm: Deloitte Taiwan

II. Assessment details:

Defined with reference to the Certified Public Accountant Act, and No.10 Bulletin on the Norm of Professional Ethics for Certified Public Accountant

Item	Items for evaluation	Yes	No
1	No replacement has occurred over the last 7 years until the last time of certification.	V	
2	No significant financial interest with clients.	V	
3	Avoid unjustified relation with clients.	V	
4	CPAs shall ensure their assistants to be honest, fair, and independent.	V	
5	No audit and certification of the financial statements of the institutions that the CPAs have been working with 2 years prior to the present profession.	V	
6	No third party may act in the name of the CPA.	V	
7	No holding of the stocks issued by the Company and its subsidiaries.	V	
8	No financing with the Company and its affiliates.	V	
9	Joint investment or sharing profits with the Company or its affiliates.	V	
10	No engagement in the routine work for regular salary payment with the Company or its subsidiaries.	V	
11	No involvement with the job functions of the Company and its affiliates in decision-making.	V	
12	No engagement in any other business that may damage the status of independence.	V	
13	Not a spouse or kindred within the 2nd tier under the Civil Code to any management personnel of the Company.	V	
14	No acceptance of commission from any business.	V	
15	No penalty on violation of the principle of independence has ever been imposed.	V	

III. Competence and performance:

1. The audit of the Company's financial statements for each period were completed on time.
2. The periodical financial audits for the Company's investments were completed on time.
3. The Company was providing with financial and taxation advice in a timely manner.

IV. Outcome of assessment:

The independence and competence of the attesting CPA were assessed by the Company in accordance with Article 29 of the Corporate Governance Principles for TWSE/TPEx-listed Companies, with reference to Article 47 of the Certified Public Account Act, No.10 Bulletin on the Norm of Professional Ethics for Certified Public Accountant, and the Audit Quality Indicators (AQIs). The assessment found that CPAs Ming-Hui Huang and Ya-Ling Weng, from Deloitte Taiwan, indicated that both CPAs satisfied the Company's criteria for independence and competence, and were therefore qualified to act as the Company’s attesting CPAs.

Appendix

A. Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

E Ink Holdings Inc. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
E Ink Holdings Inc.

Opinion

We have audited the accompanying consolidated financial statements of E Ink Holdings Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Authenticity of Sales Revenue - Recognition of Sales Revenue from Internet of Things Applications Products

The Group mainly sells e-paper products such as Internet of Things applications and consumer electronics. The Group's sales revenue has increased considerably this year, mostly because of the increase in sales revenue from Internet of Things applications products, which consequently increased the risk associated with the occurrence of sales revenue transactions from Internet of Things applications products. Therefore, the authenticity of sales revenue was identified as a key audit matter.

Our key audit procedures performed in respect of the above area included the following:

1. We understood and tested the design and operating effectiveness of relevant internal controls over the occurrence of sales revenue from Internet of Things applications products.

2. We sampled the sales details of Internet of Things applications products, inspected receipts signed by the customers or export declaration of overseas sales, and confirmed the receipt of payments.

Other Matter

We have also audited only financial statements of E Ink Holdings Inc. as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including members of the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine a matter that was of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022, and is therefore the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Hui-Min Huang and Ya-Ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2023

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS (Note 4)				
Cash and cash equivalents (Note 6)	$ 8,835,066	14	$ 8,751,235	15
Financial assets at fair value through profit or loss (Note 7)	1,473,957	2	99,401	-
Financial assets at amortized cost (Notes 9, 11 and 32)	4,945,143	8	2,499,045	5
Contract assets (Note 23)	27,566	-	35,045	-
Accounts receivable (Notes 10, 23 and 31)	4,700,178	7	3,247,721	6
Other receivables (Note 31)	263,370	-	167,782	-
Current tax assets (Note 25)	479	-	6,768	-
Inventories (Note 12)	4,404,899	7	4,142,022	7
Prepayments (Note 31)	508,997	1	314,252	1
Other current assets	5,060	-	103	-
Total current assets	25,164,715	39	19,263,374	34
NON-CURRENT ASSETS (Note 4)				
Financial assets at fair value through profit or loss (Note 7)	2,201,399	3	3,429,586	6
Financial assets at fair value through other comprehensive income (Notes 8 and 11)	16,732,386	26	16,799,349	30
Financial assets at amortized cost (Notes 9, 11 and 32)	1,554,668	2	1,353,730	2
Investments accounted for using the equity method (Note 15)	1,455,933	2	733,642	1
Property, plant and equipment (Notes 16, 28 and 31)	8,033,290	12	5,274,647	9
Right-of-use assets (Notes 17 and 31)	1,016,890	2	1,668,669	3
Goodwill (Note 18)	7,135,786	11	6,531,427	12
Other intangible assets (Note 18)	577,146	1	683,251	1
Deferred tax assets (Note 25)	1,058,383	2	804,793	1
Other non-current assets (Note 31)	195,464	-	467,531	1
Total non-current assets	39,961,345	61	37,746,625	66
TOTAL	$ 65,126,060	100	$ 57,009,999	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Short-term borrowings (Notes 19 and 32)	$ 4,352,270	7	$ 3,766,997	7
Short-term bills payable (Note 19)	654,532	1	4,644,546	8
Financial liabilities at fair value through profit or loss (Note 7)	52,405	-	221,939	-
Contract liabilities (Note 23)	437,442	1	3,259,113	6
Notes and accounts payable (Note 31)	1,992,054	3	3,123,992	6
Other payables (Notes 20 and 28)	3,334,773	5	1,845,998	3
Current tax liabilities (Note 25)	2,005,876	3	763,772	1
Long-term borrowings-Current portion (Note 19)	150,000	-	-	-
Other current liabilities (Notes 13, 17 and 31)	428,789	1	213,218	-
Total current liabilities	13,408,141	21	17,839,575	31
NON-CURRENT LIABILITIES (Note 4)				
Long-term borrowings (Note 19)	5,601,228	9	847,340	1
Deferred tax liabilities (Note 25)	696,631	1	295,512	1
Lease liabilities (Notes 17 and 31)	994,736	1	1,632,196	3
Deferred revenue (Note 13)	44,617	-	588,642	1
Net defined benefit liabilities (Note 21)	106,981	-	104,357	-
Other non-current liabilities (Note 31)	10,522	-	4,492	-
Total non-current liabilities	7,454,715	11	3,472,539	6
Total liabilities	20,862,856	32	21,312,114	37
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 22 and 26)				
Share capital	11,404,047	18	11,404,047	20
Capital surplus	10,748,007	16	10,407,670	18
Retained earnings	17,822,789	27	11,000,202	20
Other equity	3,712,145	6	2,355,247	4
Total equity attributable to owners of the Company	43,686,988	67	35,167,166	62
NON-CONTROLLING INTERESTS (Note 22)	576,216	1	530,719	1
Total equity	44,263,204	68	35,697,885	63
TOTAL	$ 65,126,060	100	$ 57,009,999	100

The accompanying notes are an integral part of the consolidated financial statements.

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 23 and 31)	$ 30,060,509	100	$ 19,650,564	100
OPERATING COSTS (Notes 12, 24 and 31)	13,830,537	46	11,062,744	56
GROSS PROFIT	16,229,972	54	8,587,820	44
OPERATING EXPENSES (Notes 24 and 31)				
Selling and marketing expenses	938,261	3	687,046	3
General and administrative expenses	2,631,971	9	2,228,188	11
Research and development expenses	3,460,465	11	2,649,340	14
Total operating expenses	7,030,697	23	5,564,574	28
INCOME FROM OPERATIONS	9,199,275	31	3,023,246	16
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	435,409	1	202,607	1
Royalty income (Notes 4 and 23)	1,339,362	4	1,748,077	9
Dividend income	664,612	2	503,514	3
Other income (Notes 13, 24 and 31)	711,417	2	484,522	2
Interest expenses (Notes 16 and 31)	(163,176)	-	(92,815)	-
Net gain on disposal of property, plant and equipment	22,730	-	52,950	-
Net gain on disposal of investment (Note 15)	-	-	654,252	3
Net gain on foreign currency exchange (Note 35)	396,748	1	298,144	2
Net loss on fair value change of financial assets and liabilities at fair value through profit or loss	(424,642)	(1)	(189,979)	(1)
Share of loss of associates (Note 15)	(78,139)	-	(101,218)	(1)
Other expenses (Note 16)	(19,070)	-	(34,389)	-
Total non-operating income and expenses	2,885,251	9	3,525,665	18
INCOME BEFORE INCOME TAX	12,084,526	40	6,548,911	34
INCOME TAX EXPENSE (Notes 4 and 25)	(2,145,181)	(7)	(1,336,863)	(7)
NET INCOME FOR THE YEAR	9,939,345	33	5,212,048	27

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	$ (6,298)	-	$ (7,848)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	879,219	3	3,934,750	20
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	(457,645)	(1)	(200,925)	(1)
	415,276	2	3,725,977	19
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	1,624,946	5	(1,386,491)	(7)
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	(144,278)	-	(34,246)	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	6,644	-	(14,126)	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 25)	30,504	-	7,753	-
	1,517,816	5	(1,427,110)	(7)
Other comprehensive income for the period, net of income tax	1,933,092	7	2,298,867	12
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 11,872,437	40	$ 7,510,915	38
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 9,911,750	33	$ 5,150,045	26
Non-controlling interests	27,595	-	62,003	1
	$ 9,939,345	33	$ 5,212,048	27

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 11,827,002	40	$ 7,516,616	38
Non-controlling interests	45,435	-	(5,701)	-
	$ 11,872,437	40	$ 7,510,915	38
EARNINGS PER SHARE (Note 26)				
Basic	$ 8.69		$ 4.53	
Diluted	$ 8.60		$ 4.52	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
	Share Capital			Retained Earnings				Other Equity					
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2021	1,140,468	$ 11,404,677	$ 10,310,536	$ 2,081,731	$ 100,559	$ 6,578,580	$ 8,760,870	$ (1,022,902)	$ 1,165,461	$ (110,032)	$ 30,508,610	$ 536,163	$ 31,044,773
Appropriation of 2020 earnings													
Legal reserve	-	-	-	360,122	-	(360,122)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(29,881)	29,881	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,062,779)	(3,062,779)	-	-	-	(3,062,779)	-	(3,062,779)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	4,750	-	-	(1,817)	(1,817)	-	-	-	2,933	240	3,173
Other changes in capital surplus	-	-	34	-	-	-	-	-	-	-	34	-	34
Net income for the year ended December 31, 2021	-	-	-	-	-	5,150,045	5,150,045	-	-	-	5,150,045	62,003	5,212,048
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(5,980)	(5,980)	(1,337,425)	3,709,976	-	2,366,571	(67,704)	2,298,867
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	5,144,065	5,144,065	(1,337,425)	3,709,976	-	7,516,616	(5,701)	7,510,915
Cancelation of treasury shares	(63)	(630)	(505)	-	-	-	-	-	-	1,135	-	-	-
Share-based payments	-	-	93,201	-	-	-	-	-	-	-	93,201	17	93,218
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	159,863	159,863	-	(159,863)	-	-	-	-
Treasury shares transferred to employees	-	-	(346)	-	-	-	-	-	-	108,897	108,551	-	108,551
BALANCE AT DECEMBER 31, 2021	1,140,405	11,404,047	10,407,670	2,441,853	70,678	8,487,671	11,000,202	(2,360,327)	4,715,574	-	35,167,166	530,719	35,697,885
Appropriation of 2021 earnings													
Legal reserve	-	-	-	530,211	-	(530,211)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,649,295)	(3,649,295)	-	-	-	(3,649,295)	-	(3,649,295)
Changes in equity of associates accounted for using the equity method	-	-	239,600	-	-	-	-	2,399	-	-	241,999	-	241,999
Other changes in capital surplus	-	-	7	-	-	-	-	-	-	-	7	-	7
Net income for the year ended December 31, 2022	-	-	-	-	-	9,911,750	9,911,750	-	-	-	9,911,750	27,595	9,939,345
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	(4,842)	(4,842)	1,606,067	314,027	-	1,915,252	17,840	1,933,092
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	9,906,908	9,906,908	1,606,067	314,027	-	11,827,002	45,435	11,872,437
Difference between consideration received and the carrying amount subsidiaries' net assets during actual disposals	-	-	-	-	-	-	-	(621)	-	-	(621)	-	(621)
Share-based payments	-	-	100,730	-	-	-	-	-	-	-	100,730	62	100,792
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	564,974	564,974	-	(564,974)	-	-	-	-
BALANCE AT DECEMBER 31, 2022	1,140,405	$ 11,404,047	$ 10,748,007	$ 2,972,064	$ 70,678	$ 14,780,047	$ 17,822,789	$ (752,482)	$ 4,464,627	$ -	$ 43,686,988	$ 576,216	$ 44,263,204

The accompanying notes are an integral part of the consolidated financial statements.

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 12,084,526	$ 6,548,911
Adjustments for		
Depreciation expenses	812,775	585,664
Amortization expenses	203,385	478,325
Expected credit loss recognized on accounts receivable	2,516	9,769
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	424,642	189,979
Interest expenses	163,176	92,815
Interest income	(435,409)	(202,607)
Dividend income	(664,612)	(503,514)
Compensation costs of share-based payments	100,792	93,218
Share of loss of associates and joint ventures accounted for using the equity method	78,139	101,218
Net gain on disposal of property, plant and equipment	(22,730)	(52,950)
Net loss on disposal of intangible assets	96	-
Net gain (loss) on disposal of investments	996	(654,252)
(Reversal of) impairment loss	(431)	13,863
Reversal of write-downs of inventories	(27,939)	(75,229)
Net unrealized loss (gain) on foreign currency exchange	28,757	(38,622)
Gain recognized in bargain purchase transaction	(25,131)	-
Gain on lease modification	(3,901)	(2)
Other revenue	(568,806)	(363,579)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	226,029
Contract assets	11,332	12,402
Accounts receivable	(1,443,434)	(1,890,337)
Other receivables	7,489	37,171
Inventories	(60,384)	(2,130,190)
Prepayments	(212,098)	(159,792)
Other current assets	(3,073)	8,881
Financial liabilities held for trading	(562,018)	(188,947)
Contract liabilities	(2,903,613)	1,483,414
Notes and accounts payable	(1,186,870)	1,559,252
Other payables	1,170,516	483,059
Other current liabilities	218,137	(55,290)
Net defined benefit liabilities	(4,479)	(2,264)
Cash generated from operations	7,182,346	5,606,395
Income tax paid	(1,151,344)	(915,958)
Net cash generated from operating activities	6,031,002	4,690,437

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	$ (1,084,697)	$ (6,718,810)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,061,867	408,040
Acquisition of financial assets at amortized cost	(14,110,751)	(8,058,949)
Proceeds from disposal of financial assets at amortized cost	11,802,642	7,665,046
Acquisition of financial assets at fair value through profit or loss	(1,342,462)	(3,480,122)
Proceeds from disposal of financial assets at fair value through profit or loss	1,252,336	3,367,552
Acquisition of associates	(199,770)	(55,470)
Acquisition of property, plant and equipment	(3,101,381)	(1,831,758)
Proceeds from disposal of property, plant and equipment	80,001	63,032
Acquisition of other intangible assets	(35,288)	(41,447)
Decrease in other non-current assets	4,855	37,019
Interest received	337,878	124,697
Dividends received	664,612	503,514
Net cash used in investing activities	(3,670,158)	(8,017,656)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	424,412	(1,592,376)
Increase (decrease) in short-term bills payable	(3,990,014)	3,838,934
Increase in long-term borrowings	4,903,888	784,340
Repayment of the principal portion of lease liabilities	(86,894)	(69,586)
Increase (decrease) in other non-current liabilities	5,290	(3,324)
Cash dividends	(3,649,295)	(3,062,779)
Proceeds from treasury shares transferred to employees	-	108,551
Interest paid	(145,086)	(98,034)
Regain overdue dividends	7	34
Net cash used in financing activities	(2,537,692)	(94,240)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	260,679	(781,453)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	83,831	(4,202,912)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8,751,235	12,954,147
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 8,835,066	$ 8,751,235

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

E Ink Holdings Inc. (the "Company") was incorporated in June 1992 in the Hsinchu Science Park. The Company's shares have been listed on the Taipei Exchange (TPEx) Mainboard since March 30, 2004. The Company mainly researches, develops, manufactures and sells electronic paper display panels.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the "Group", are presented in New Taiwan dollars, the functional currency of the Company.

2. AUTHORIZATION OF FINANCIAL STATEMENTS

The Group's consolidated financial statements were approved by the Company's board of directors on February 23, 2023.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Group chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and the Group shall recognize the cumulative effect of initial application in retained earnings at that date. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's consolidated financial position and consolidated financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

See Note 14 and Tables 8 and 9 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized as expenses as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of the measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries, associates and joint ventures in other countries that use currencies that are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting year; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income and attributed to the owners of the Company and non-controlling interests.

On a disposal of the Company's entire interest in a foreign operation or a disposal involving loss of significant influence over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, finished goods, semi-finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associates and joint ventures. The Group also recognizes the changes in the Group's share of equity of associates and joint ventures attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss for the year.

When the Group subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in equity of associates and joint ventures accounted for using the equity method and investments accounted for using the equity method. If the Group's ownership interest is reduced due to the additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to the goodwill and other assets that form part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associates and joint ventures, profits and losses resulting from the transactions with the associates and joint ventures are recognized in the Group's consolidated financial statements only to the extent of interests in the associates and the joint ventures that are not related to the Group.

Profits and losses resulting from the downstream transactions with the associates involving assets that constitutes a business are recognized in full in the Group's consolidated financial statement.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Prior to the asset reaching its intended use, it is measured at the lower of cost or net realizable value. Any proceeds from the sale of the asset, as well as its cost, are recognized in the statement of comprehensive income. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual year, that unit shall be tested for impairment before the end of the current annual year. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent years.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual value, and amortization methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as intangible assets that are acquired separately.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (net of amortization or depreciation) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell. Recognition of depreciation of those assets would cease.

n. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost and investments in debt instruments and equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any dividends, interest earned and gains or losses on remeasurement recognized in non-operating income and expenses. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable and other receivables are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and repurchase agreements collateralized by notes, with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income (loss) and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income or loss and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Group always recognizes lifetime Expected Credit Loss (ECLs) for accounts receivable and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that a financial asset is in default (without taking into account any collateral held by the Group) when internal or external information shows that the debtor is unlikely to pay its creditors.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income or loss is transferred directly to retained earnings, without reclassifying to profit or loss.

2) Equity instruments

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except financial liabilities at FVTPL, all financial liabilities are carried at amortized cost using the effective interest method. Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading and are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments, including foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

o. Provisions

Provisions (included in other current liabilities) are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Group of the expenditures required to settle the Group’s obligations.

p. Revenue recognition

The Group identifies the contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Sales of products are recognized as revenue when the goods are delivered to the customer’s specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods. Revenue and accounts receivable are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Licensing revenue

If the patented technology licensed by the Group can remain functional without any updates or technical support and the Group is not obliged to undertake activities that will change the functionality of the licensed patented technology, the licensed patented technology has significant stand-alone functionality and the Group recognizes revenue at the point in time at which the license of patented technology transfers. If the Group is obliged to undertake activities that will change the functionality of the licensed patented technology, the licensed patented technology does not have significant stand-alone functionality and the Group recognizes revenue on a straight-line basis over the life of the agreements. Royalty agreements that are based on sales are recognized by reference to the underlying agreements. Royalties receivable that the Group does not have a present right to payment of the royalties is recorded as contract assets and reclassified to accounts receivable after the Group fulfills the remainder of the performance obligation. Proceeds of royalties received but which have not met the conditions of revenue recognition are recorded as contract liabilities, current and non-current, respectively, based on the remaining contract periods.

3) Software licensing income

The Group enters into contracts with clients to license its software technology, and continues to provide R&D services for the licensed software technology, which clients can access at any time. The software technology license is separable, and revenue is recognized on a straight-line basis during the licensing period. Upon signing the contract, the client pays an upfront licensing fee, which is non-refundable, and variable licensing fees are calculated based on the actual sales of products utilizing the licensed software technology. Non-current receivables, which do not have a present right to payment, are recorded as contract assets, and transferred to accounts receivable after fulfilling the remaining obligations. For those who have received the software licensing price but have not yet met the relevant income recognition conditions, are recorded as contract liabilities, and further classified into current and non-current according to the contract period.

q. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that are not accounted for as separate leases, the modification that reduces the scope of the leases are remeasured to reflect the reduction in the right-of-use assets, and the difference due to partial or full termination of the leases are recognized as gain or loss. For other modifications to the lease liabilities, adjustments to the right-of-use assets are required. Lease liabilities are presented on a separate line in the consolidated balance sheets.

r. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the year they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the year in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

t. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

u. Share-based payment arrangements

The fair value at the grant date of share-based payments and employee share options are expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments and employee share options that are expected to vest and employee share options. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

v. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimations and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	$ 1,726	$ 509
Checking accounts and demand deposits	3,893,674	6,804,813
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	3,962,169	1,945,913
Repurchase agreements collateralized by notes	977,497	-
	$ 8,835,066	$ 8,751,235

The market rate intervals of demand deposits, time deposits and repurchase agreements collateralized by notes at the end of the reporting years were as follows:

	December 31	
	2022	2021
Demand deposits	0.01-2.75%	0.01%-1.00%
Time deposits	0.25-5.50%	0.25%-1.24%
Repurchase agreements collateralized by notes	1.00-3.80%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2022	December 31 2021
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 9,383	$ 3,097
Non-derivative financial assets		
Perpetual corporate bond	1,456,889	-
Domestic Investment - listed stocks	7,685	-
Hybrid financial assets		
Structured deposits	-	96,304
	$ 1,473,957	$ 99,401
Financial assets - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 578,305	$ 613,233
Perpetual bonds	1,545,952	2,437,101
Hybrid financial assets		
Convertible preferred shares	77,142	121,099
Convertible bonds	-	258,153
	$ 2,201,399	$ 3,429,586
Financial liabilities - current		
Held for trading		
Derivative financial liabilities (not under hedge accounting)	$ 52,405	$ 221,939

At the end of the reporting year, the outstanding foreign exchange forward contract not under hedge accounting was as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2022			
Sell	USD/NTD	2023.02	USD9,000/NTD275,091
Sell	USD/KRW	2023.01-2023.06	USD60,000/KRW74,192,200
December 31, 2021			
Sell	USD/NTD	2022.02	USD6,000/NTD166,080
Sell	USD/KRW	2022.01-2022.04	USD216,000/KRW246,979,550

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
Investments in equity instruments at FVTOCI	$ 15,495,188	$ 15,899,737
Investments in debt instruments at FVTOCI	1,237,198	899,612
	$ 16,732,386	$ 16,799,349

a. Investments in equity instruments at FVTOCI

	December 31	
	2022	2021
Non-current		
Domestic investments		
Listed shares and emerging market shares	$ 9,513,791	$ 11,726,698
Unlisted shares	23,169	43,313
	9,536,960	11,770,011
Foreign investments		
Listed shares	5,573,803	3,892,888
Unlisted shares	384,425	236,838
	5,958,228	4,129,726
	$ 15,495,188	$ 15,899,737

The Group holds the above investments in equity instruments for long-term strategic purposes and expects to gain profit through long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

b. Investments in debt instruments at FVTOCI

	December 31	
	2022	2021
Non-current		
Foreign investments		
Straight corporate bonds		
5-year	$ 59,770	$ 58,764
10-year	465,579	317,790
10.5-year	261,691	262,589
11-year	245,068	260,469
34.75-year	205,090	-
	$ 1,237,198	$ 899,612
Coupon rates	3.10%-5.75%	3.10%-4.84%
Effective interest rates	2.00%-5.72%	2.00%-4.03%

Refer to Note 11 for information relating to the credit risk management and impairment assessment of investments in debt instruments at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
Current		
Time deposits with original maturities of more than 3 months (a)	$ 1,886,753	$ 568,065
Pledged time deposits (b)	3,058,390	1,930,980
	$ 4,945,143	$ 2,499,045
Non-current		
Time deposits with original maturities of more than 1 year (c)	$ 802,500	$ 703,341
Pledged time deposits (b)	138,659	132,580
Foreign straight corporate bonds (d)	613,509	517,809
	$ 1,554,668	$ 1,353,730

a. The market rate intervals for time deposits with original maturities of more than 3 months and not exceeding 1 year were 3.10%-5.61% and 1.00%-1.15% per annum as of December 31, 2022 and 2021, respectively.

b. The market rate ranges for time deposits pledged as security were 0.16%-5.56% and 0.08%-3.99% per annum, as of December 31, 2022 and 2021, respectively. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

c. The market rate for time deposits with original maturities of more than 1 year was 3.99% as of December 31, 2022 and 2021.

d. The Group bought 10-year foreign corporate bonds in March 2022 and September 2021, and the coupon rates and effective rates ranged from 4.10% to 4.90% as of December 31, 2022 and 2021.

e. Refer to Note 11 for information relating to the credit risk and impairment assessment of investments in financial assets at amortized cost.

10. ACCOUNTS RECEIVABLE

	December 31	
	2022	2021
Accounts receivable	$ 4,560,871	$ 3,189,550
Less: Loss allowance	(25,534)	(23,658)
	4,535,337	3,165,892
Accounts receivable from related parties (Note 31)	183,898	99,006
Less: Loss allowance	(19,057)	(17,177)
	164,841	81,829
	$ 4,700,178	$ 3,247,721

The Group recognizes impairment loss when there is actual credit loss from individual client. In addition, the Group recognizes impairment loss based on the rate of expected credit loss by reference to past default experience of the debtor, an analysis of the debtor's current financial position, general economic conditions of the industry in which the debtors operate and past due status.

The following table details the loss allowance for accounts receivable.

December 31, 2022

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	91%	
Gross carrying amount	$ 3,816,188	$ 880,596	$ 47,985	$ 4,744,769
Less: Loss allowance	-	-	(44,591)	(44,591)
Amortized cost	$ 3,816,188	$ 880,596	$ 3,394	$ 4,700,178

December 31, 2021

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	99%	
Gross carrying amount	$ 3,241,048	$ 6,164	$ 41,344	$ 3,288,556
Less: Loss allowance	-	-	(40,835)	(40,835)
Amortized cost	$ 3,241,048	$ 6,164	$ 509	$ 3,247,721

The movements of the loss allowance were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 40,835	$ 43,139
Effects of foreign currency exchange differences	3,756	(2,304)
Balance at December 31	$ 44,591	$ 40,835

Accounts receivable of the Group were mainly concentrated in customers A, B, C, D and E. The accounts receivable from the foregoing customers, as of December 31, 2022 and 2021, respectively, were as follows:

	December 31	
	2022	2021
Customer A	$ 851,574	$ 78,911
Customer B	784,573	1,208,209
Customer C	726,951	660,752
Customer D	582,603	35,565
Customer E	402,997	472,701
	$ 3,348,698	$ 2,456,138

11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments of the Group in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

December 31, 2022

	At FVTOCI	At Amortized Cost
Carrying amount	$ 1,417,442	$ 6,500,607
Less: Allowance for impairment loss	(1,720)	(796)
Amortized cost	1,415,722	$ 6,499,811
Adjustment to fair value	(178,524)	
	$ 1,237,198	

December 31, 2021

	At FVTOCI	At Amortized Cost
Carrying amount	$ 933,858	$ 3,852,775
Less: Allowance for impairment loss	-	-
Amortized cost	933,858	$ 3,852,775
Adjustment to fair value	(34,246)	
	$ 899,612	

The Group only invests in debt instruments that meet or exceed the investment-grade standard and have low credit risk for impairment assessment, as provided by independent rating agencies. The Group continuously monitors external rating information to supervise changes in the credit risk of the invested debt instruments. Additionally, the Group reviews other information, such as the bond yield curve and significant news about the debtor, to evaluate whether there has been a significant increase in credit risk since the initial recognition of the debt instrument investment. This evaluation is critical to ensure the Group's investments remain viable and profitable.

The Group considers historical default rates associated with each rating provided by external rating agencies, the current financial condition of debtors, and the future outlook of the industry when measuring the expected credit loss for debt instrument investments over the next 12 months or the expected credit loss over the investment's remaining period.

Credit Rating	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and a sufficient capability to meet contractual cash flows	12-month ECLs

The gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were as follow:

December 31, 2022

		Gross Carrying Amount	
Credit Rating	**Expected Loss Rate**	**At FVTOCI**	**At Amortized Cost**
Performing	0.06%-0.21%	$ 1,417,442	$ 6,500,607

a. The movements of the allowance for impairment loss of investments in debt instruments at FVTOCI were as follows:

	Credit Rating
	Performing (12-month ECLs)
Balance at January 1, 2022	$ -
Financial assets purchased	430
Change in exchange rates or others	1,290
Balance at December 31, 2022	$ 1,720

For the year ended December 31, 2022, the Group’s investments in foreign corporate bonds at FVTOCI increased by $396,554 thousand, and correspondingly the loss allowance for investments rated as performing increased by $430 thousand.

b. The movements of the allowance for impairment loss of investments in debt instruments at amortized cost were as follows:

	Credit Rating
	Performing (12-month ECLs)
Balance at January 1, 2022	$ -
Financial assets purchased	44
Change in exchange rates or others	752
Balance at December 31, 2022	$ 796

For the year ended December 31, 2022, the Group’s investments in foreign corporate bonds at amortized cost increased by $69,744 thousand, and correspondingly the loss allowance for investments rated as performing increased by $44 thousand.

12. INVENTORIES

	December 31	
	2022	2021
Finished goods	$ 1,070,016	$ 1,007,888
Semi-finished goods	1,006,952	456,693
Work in progress	568,640	251,775
Raw materials	1,759,291	2,425,666
	$ 4,404,899	$ 4,142,022

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 included reversals of write-downs of inventories of $27,939 thousand and $75,229 thousand, respectively. Previous write-downs were reversed due to the disposal of slow moving inventories.

13. NON-CURRENT ASSETS HELD FOR SALE

a. In November 2019, the subsidiary Yangzhou Huaxia Integrated O/E System Co., Ltd. signed an expropriation and compensation agreement with Yangzhou Economic and Technological Development Zone's Demolition Placement Management Office, disposing of the land use rights of 182.77 mus, along with the building's accessories and related subsidies, with an amount of RMB328,986 thousand. Due to the sale price is expected to exceed the carrying amount of the related net assets, the Group did not recognize impairment loss when the land use rights, plant and equipment were reclassified as non-current assets held for sale. The Group had received all payments in October 2020 and recognized gains on disposal of non-current assets held for sale of NT$367,945 thousand (RMB85,436 thousand) and deferred revenue of NT$962,015 thousand (RMB220,400 thousand). The Group had recognized revenue from government grants (included in other income) in the amount of $568,806 thousand (RMB127,105 thousand) and $363,579 thousand (RMB84,312 thousand) for the year ended December 31, 2022 and 2021 based on the progress the performance obligation is satisfied.

b. The subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., is expected to dispose of a batch of equipment to a non-related party. Transcend Optronics (Yangzhou) Co., Ltd. has received partial contract price of NT$17,919 thousand (RMB4,105 thousand, included in other current liabilities), respectively, as of December 31, 2020. The sale price is expected to exceed the carrying amount of the related net assets. Hence, the Group did not recognize impairment loss when the aforementioned equipment was reclassified as non-current assets held for sale.

   As the above-mentioned transactions did not proceed as expected, the Group reclassified such equipment to property, plant and equipment, and recognized depreciation expenses for the three months ended March 31, 2021.

14. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Main Business	Proportion of Ownership (%) December 31 2022	2021	Remark
E Ink Holdings Inc.	PVI Global B.V. (originally named PVI Global Limited)	Investment	100.00	100.00	a. and c.
	E Ink Corporation	Manufacture and sale of electronic ink	-	45.31	c.
	YuanHan Materials Inc.	Research, development and sale of electronic parts and electronic ink	100.00	100.00	-
	New Field e-Paper Co., Ltd.	Investment	100.00	100.00	-
	Dream Universe Ltd.	Trading	100.00	100.00	-
	Prime View Communications Ltd.	Trading	100.00	100.00	-
	Tech Smart Logistics Ltd.	Trading	-	0.09	b.
	Linfiny Corporation	Research and development of electronic ink	4.00	4.00	-
	E Ink Japan Inc.	Development of electronics ink products	100.00	100.00	-
New Field e-Paper Co., Ltd.	E Ink Corporation	Manufacture and sale of electronic ink	-	12.88	c.
	Tech Smart Logistics Ltd.	Trading	-	99.91	b.
YuanHan Materials Inc.	Linfiny Corporation	Research and development of electronic ink	77.00	77.00	-
Linfiny Corporation	Linfiny Japan Inc.	Research and development of electronic ink	100.00	100.00	-
E Ink Corporation	E Ink California, LLC	Research, development and sale of electronic ink	100.00	100.00	-
PVI Global B.V. (originally named PVI Global Limited)	PVI International Corp.	Trading	100.00	100.00	a.
	Ruby Lustre Ltd.	Investment	100.00	100.00	-
	Dream Pacific International B.V.(originally named Dream Pacific International Limited)	Investment	100.00	100.00	c.
	Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	55.61	55.61	-
Tech Smart Logistics Ltd.	E Ink Corporation	Manufacture and sale of electronic ink	-	41.81	c.
PVI International Corp.	Transcend Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	100.00	100.00	a.
Ruby Lustre Ltd.	Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	100.00	100.00	-
Dream Pacific International B.V. (originally named Dream Pacific International Limited)	Hydis Technologies Co., Ltd.	Research, development and licensing of monitors	94.73	94.73	-
	E Ink Corporation	Manufacture and sale of electronic ink	100.00	-	c.
Transcend Optronics (Yangzhou) Co., Ltd.	Transyork Technology Yanzhou Ltd.	Assembly and sale of display panels	44.39	44.39	-

a. Transcend Optronics (Yangzhou) Co., Ltd. increased its capital by US$18,000 thousand using its own earnings in June and November of 2022. In June 2021, the Group invested US$9,000 thousand in cash in its subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., through PVI Global B.V. and PVI International Corp.

b. Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.

c. To improve the Group’s strategic development and for long-term operating strategic purposes, the Company’s board of directors approved an adjustment to the organizational structure in November 2021. The Group transferred all its shares of E Ink Corporation to Dream Pacific International B.V. in February 2022, and completed the relocation to the Netherlands and changed its name in December 2022.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Associates and joint ventures that are not individually material		
Investments in associates	$ 1,339,067	$ 631,889
Investments in joint ventures	116,866	101,753
	$ 1,455,933	$ 733,642

Refer to Tables 8 and 9 for the nature of activities, principal place of business and country of incorporation of the associates.

Aggregate Information of Associates and Joint Ventures That Are Not Individually Material

	For the Year Ended December 31	
	2022	2021
The Group's share of:		
Net loss for the year	$ (78,139)	$ (101,218)
Other comprehensive loss	6,644	(14,126)
Total comprehensive loss	$ (71,495)	$ (115,344)

In May 2021, the subsidiary E Ink Corporation used its microfluidic technology (including related equipment and inventory, etc. amounted to approximately US$1,909 thousand) to exchange for Nuclera Nucleics Ltd.'s 26.5% equity share. The investment was accounted for using the equity method. The transaction price was US$25,000 thousand and recognized gain on disposal of investments was $663,600 thousand (included in net gain on disposal of investment).

In January 2022, the subsidiary YuanHan Materials Inc. converted the convertible bonds of Nuclera Nucleics Ltd. to equity and participated in its cash capital increase with $55,470 thousand (US$2,000 thousand). As a result of the conversion, YuanHan Materials Inc. and E Ink Corporation jointly owned 23.29% of the shares of Nuclera Nucleics Ltd. In June 2022, the subsidiary YuanHan Materials Inc. and E Ink Corporation did not participate in the cash capital increase of Nuclera Nucleics Ltd., resulting in a reduction in the shareholding ratio of the Group in Nuclera Nucleics Ltd. to 21.22%.

In order to strengthen the layout and development of the e-paper ecosystem, the Group participated in the private placement for the ordinary shares of Integrated Solutions Technology, Inc. amounting to $199,770 thousand in November 2022, and acquired 35.24% of its equity. Subsequently, Integrated Solutions Technology, Inc. converted the Group's employee stock options, leading to a change in the shareholding ratio. As of December 31, 2022, the Group had a shareholding ratio of 35.19%.

Except for some associates whose share of profit or loss and other comprehensive income were calculated based on financial statements which have not been audited, associates and joint ventures that are not individually material were calculated based on audited financial statements. Management believes that it would not cause material impact even if the calculation of the investments stated above is based on financial statements which have been audited.

16. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost						
Balance at January 1, 2021	$ -	$ 3,504,446	$ 6,676,132	$ 4,357,397	$ 724,833	$ 15,262,808
Additions	-	1,515	34,984	21,393	1,781,771	1,839,663
Disposals	-	(301,763)	(798,444)	(84,256)	(22,823)	(1,207,286)
Reclassifications	21,914	298,983	492,899	401,610	(1,195,644)	19,762
Effects of foreign currency exchange differences	(258)	(17,061)	(27,052)	(58,537)	(11,562)	(114,470)
Balance at December 31, 2021	$ 21,656	$ 3,486,120	$ 6,378,519	$ 4,637,607	$ 1,276,575	$ 15,800,477
Accumulated depreciation and impairment						
Balance at January 1, 2021	$ -	$ 2,109,203	$ 6,022,166	$ 3,055,529	$ -	$ 11,186,898
Depreciation expenses	-	133,535	150,555	217,608	-	501,698
Impairment losses recognized (reversed)	-	-	13,863	-	-	13,863
Disposals	-	(301,324)	(789,315)	(75,039)	-	(1,165,678)
Reclassifications	-	-	50,795	-	-	50,795
Effects of foreign currency exchange differences	-	(8,773)	(18,202)	(34,771)	-	(61,746)
Balance at December 31, 2021	$ -	$ 1,932,641	$ 5,429,862	$ 3,163,327	$ -	$ 10,525,830
Carrying amount at December 31, 2021	$ 21,656	$ 1,553,479	$ 948,657	$ 1,474,280	$ 1,276,575	$ 5,274,647
Cost						
Balance at January 1, 2022	$ 21,656	$ 3,486,120	$ 6,378,519	$ 4,637,607	$ 1,276,575	$ 15,800,477
Additions	-	26,246	140,332	19,415	3,111,915	3,297,908
Disposals	-	(5,157)	(8,830)	(18,171)	(49,505)	(81,663)
Reclassifications	382,185	922,375	972,292	146,513	(2,440,037)	(16,672)
Effects of foreign currency exchange differences	13,975	67,562	118,920	239,679	40,586	480,722
Balance at December 31, 2022	$ 417,816	$ 4,497,146	$ 7,601,233	$ 5,025,043	$ 1,939,534	$ 19,480,772
Accumulated depreciation and impairment						
Balance at January 1, 2022	$ -	$ 1,932,641	$ 5,429,862	$ 3,163,327	$ -	$ 10,525,830
Depreciation expenses	-	147,839	293,806	275,132	-	716,777
Impairment losses recognized (reversed)	-	-	(431)	-	-	(431)
Disposals	-	(2,969)	(6,038)	(15,385)	-	(24,392)
Reclassifications	-	148,996	-	(148,996)	-	-
Effects of foreign currency exchange differences	-	35,747	68,708	125,243	-	229,698
Balance at December 31, 2022	$ -	$ 2,262,254	$ 5,785,907	$ 3,399,321	$ -	$ 11,447,482
Carrying amount at December 31, 2022	$ 417,816	$ 2,234,892	$ 1,815,326	$ 1,625,722	$ 1,939,534	$ 8,033,290

For part of the Group's equipment with no future use, the Group assessed its recoverable amount to be zero. It performed an assessment of the recoverable amount of property, plant and equipment and recognized an impairment loss of $13,863 thousand which was recognized in miscellaneous disbursements for the year ended December 31, 2021. The impairment loss is mainly from the segments of the ROC and Asia.

Information about the capitalized interest were as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized interest	$ 12,647	$ 4,737
Capitalization rate intervals	0.64%-1.59%	0.77%-0.85%

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20-56 years
Clean rooms and plumbing construction	25-30 years
Employee dormitories	20 years
Others	2-20 years
Machinery	1-11 years
Other equipment	1-26 years

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amounts		
Land	$ 881,236	$ 793,115
Buildings	133,504	870,904
Other equipment	2,150	4,650
	$ 1,016,890	$ 1,668,669

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 255,271	$ 176,512
Depreciation of right-of-use assets		
Land	$ 34,903	$ 26,624
Buildings	58,595	55,100
Other equipment	2,500	2,242
	$ 95,998	$ 83,966

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amounts		
Current (included in other current liabilities)	$ 56,772	$ 83,312
Non-current	$ 994,736	$ 1,632,196

Discount rate intervals for lease liabilities are as follows:

	December 31	
	2022	2021
Land	0.56%-4.92%	0.56%-1.56%
Buildings	0.60%-2.83%	0.60%-2.89%
Other equipment	0.60%-2.89%	0.60%-2.89%

c. Material lease-in activities and terms

The Group leased certain land in the Hsinchu Science Park from the Hsinchu Science Park Bureau of the Ministry of Science and Technology from July 1, 2014 to December 31, 2033. The rental amount is calculated on the basis of the mutual agreement. The lessor may adjust the rent at any time on the basis of changes in announced land values and related laws and regulations. At the end of the lease terms, the Group has renewal options if the Group does not violate the lease agreements during the rental period.

The Group also leased certain land and buildings as its plants and offices, with lease terms ranging from 2 to 20 years. Part of the land lease agreements state that lease payments will be adjusted every year on the basis of changes in announced land values, and the lessee has the right to purchase the land and buildings during the lease term. The lease contract for land and buildings in the United States contains extension options and priority purchase rights, which provide more operational flexibility for the Group. These terms are not reflected in measuring lease liabilities if the options are not reasonably certain to be exercised. The subsidiary E Ink Corporation exercised the priority right of purchase in November 2022, and acquired the land and buildings originally leased at a price of $687,904 thousand (USD22,400 thousand), to be used as the Group's R&D headquarters.

The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, without the lessors' consent, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets, changing their use, or using illegally.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 39,126	$ 38,565
Expenses relating to low-value asset leases	$ 476	$ 528
Total cash outflow for leases	$ 168,056	$ 151,382

The Group's leases of other equipment qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

18. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Patents	Others	Total
Balance at January 1, 2021	$ 6,597,276	$ 925,095	$ 140,616	$ 7,662,987
Additions	-	40,857	590	41,447
Amortization expenses	-	(392,578)	(85,747)	(478,325)
Reclassifications	-	(2,941)	76,865	73,924
Effects of foreign currency exchange differences	(65,849)	(19,460)	(46)	(85,355)
Balance at December 31, 2021	6,531,427	550,973	132,278	7,214,678
Additions	-	32,157	3,131	35,288
Amortization expenses	-	(128,561)	(74,824)	(203,385)
Disposal	-	(96)	-	(96)
Reclassifications	-	-	28,610	28,610
Effects of foreign currency exchange differences	604,359	33,948	(470)	637,837
Balance at December 31, 2022	$ 7,135,786	$ 488,421	$ 88,725	$ 7,712,932

The Group recognized goodwill in acquiring the patented technologies of electronic ink and electronic paper, which are mainly used in researching, developing, and manufacturing monitors and electronic shelf labels. The carrying amount of goodwill was allocated to the cash-generating units of these two products, and the recoverable amount of each cash-generating unit was determined based on a value in use calculation. The recoverable amount was determined by management based on financial budgets covering a 5-year period and discount rates per annum for the years ended December 31, 2022 and 2021, respectively. The cash flows beyond that 5-year period have been extrapolated using a steady annual growth rate. Other key assumptions included budgeted revenue and budgeted gross profit. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.

Discount rates per annum were as follows:

	For the Year Ended December 31	
	2022	2021
Manufacturing monitors	12.99%	13.82%
Electronic shelf labels	13.19%	13.95%

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	6-20 years
Others	1-5 years

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Unsecured borrowings	$ 1,730,000	$ 2,165,200
Secured borrowings (Note 32)	2,622,270	1,601,797
	$ 4,352,270	$ 3,766,997
Foreign currency included USD (in thousands)	$ 73,342	$ 59,500
Interest rate intervals	0.82%-5.50%	0.35%-1.20%

b. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	$ 655,000	$ 4,645,000
Less: Discounts on bills payable	(468)	(454)
	$ 654,532	$ 4,644,546
Interest rate intervals	1.32%-1.63%	0.38%-0.68%

As of December 31, 2022 and 2021, commercial papers include a syndicated loan agreement with syndicate of banks, and the total are $0 thousand and $3,400,000 thousand, refer to c. long-term borrowings.

c. Long-term borrowings

	December 31	
	2022	2021
Syndicated loans	$ 4,741,228	$ 459,340
Unsecured borrowings	1,010,000	388,000
Less: Listed as current portion	(150,000)	-
	$ 5,601,228	$ 847,340
Interest rate intervals	1.18%-1.90%	0.65%-1.00%

Long-term unsecured borrowings will expire in December 2026, and interests are repaid on a monthly basis.

To enrich medium-term working capital, the Group entered into a syndicated loan agreement with syndicate of seven banks led by Mega International Commercial Bank Co., Ltd. on December 15, 2020, and the total credit facility is $6,800,000 thousand. The duration period is within 5 years from the first drawdown date (in August 2021). As of December 31, 2022 and 2021, the drawdowns were as follows:

	Currency (In Thousands)	December 31	
		2022	2021
Short-term borrowings	USD	$ -	$ -
Commercial paper	NTD	$ -	$ 3,400,000
Long-term borrowings	USD	$ -	$ 17,000
	NTD	$ 4,750,000	$ -

The Group promises that during the credit period, its semi-annual reviewed current ratio shall not be less than 100%, debt ratio shall not exceed 200%, interest coverage ratio shall not be less than 5 times, and tangible net worth shall not be less than $15,000,000 thousand. The Group should meet certain financial ratios based on audited consolidated annual financial statements and reviewed consolidated financial statements for the six months ended June 30, 2022.

20. OTHER PAYABLES

	December 31	
	2022	2021
Payables for salaries or bonuses	$ 2,224,821	$ 1,071,222
Payables for construction and equipment	404,653	197,792
Payable for professional service fees	99,232	95,330
Payables for utilities	26,038	29,475
Payables for labors and health insurances	29,222	22,144
Payables for pensions	17,989	14,459
Others	532,818	415,576
	$ 3,334,773	$ 1,845,998

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and its subsidiary, YuanHan Materials Inc., adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, each entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in China are members of a state-managed retirement benefit plan operated by the government of China.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The defined benefit plan adopted by Hydis Technologies Co., Ltd. in accordance with the law is operated by the government of South Korea.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 179,263	$ 174,168
Fair value of plan assets	(72,282)	(69,811)
Net defined benefit liabilities	$ 106,981	$ 104,357

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 168,440	$ (67,827)	$ 100,613
Service cost			
Current service cost	5,418	-	5,418
Past service cost	158	-	158
Net interest expense (income)	1,172	(348)	824
Recognized in profit or loss	6,748	(348)	6,400
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(862)	(862)
Actuarial (gain) loss			
Changes in demographic assumptions	7,082	-	7,082
Changes in financial assumptions	(465)	-	(465)
Experience adjustments	2,093	-	2,093
Recognized in other comprehensive income or loss	8,710	(862)	7,848
Contributions from the employer	-	(7,403)	(7,403)
Benefits paid	(7,890)	6,629	(1,261)
Exchange differences on foreign plans	(1,840)	-	(1,840)
Balance at December 31, 2021	174,168	(69,811)	104,357

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Service cost			
Current service cost	$ 3,368	$ -	$ 3,368
Net interest expense (income)	799	(369)	430
Recognized in profit or loss	4,167	(369)	3,798
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,428)	(5,428)
Actuarial (gain) loss			
Changes in demographic assumptions	1,512	-	1,512
Changes in financial assumptions	(4,989)	-	(4,989)
Experience adjustments	15,203	-	15,203
Recognized in other comprehensive income or loss	11,726	(5,428)	6,298
Contributions from the employer	-	(8,277)	(8,277)
Benefits paid	(11,603)	11,603	-
Exchange differences on foreign plans	805	-	805
Balance at December 31, 2022	$ 179,263	$ (72,282)	$ 106,981

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Company of the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rates	1.375%-5.83%	0.50%-3.50%
Expected rates of salary increase	3.06%-3.50%	2.75%-3.11%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	2021
Discount rates		
0.25-1% increase	$ (5,052)	$ (5,251)
0.25-1% decrease	$ 5,310	$ 5,543
Expected rates of salary increase		
0.25-1% increase	$ 5,176	$ 5,375
0.25-1% decrease	$ (4,959)	$ (5,130)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plans for the next year	$ 8,505	$ 8,092
Average duration of the defined benefit obligation	8.1-11.2 years	7.1-11.9 years

22. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	2,000,000	2,000,000
Amount of shares authorized	$ 20,000,000	$ 20,000,000
Number of shares issued and fully paid (in thousands)	1,140,405	1,140,405
Amount of shares issued	$ 11,404,047	$ 11,404,047

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)		
Issuance of shares	$ 9,531,318	$ 9,531,866
Conversion of bonds	525,200	525,200
Treasury share transactions	260,084	260,084
Expired employee share options	57,448	57,448

(Continued)

	December 31	
	2022	2021
May only be used to offset a deficit		
Changes in percentage of ownership interests in associates (2)	$ 249,093	$ 8,945
Unclaimed dividends extinguished by prescription	81	74
May not be used for any purpose		
Employee share options	124,783	24,053
	$ 10,748,007	$ 10,407,670

(Concluded)

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

2) Such capital surplus arises from the effect of changes in ownership interest in associates resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of associates accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with at least 50% of any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Refer to Note 24 for the policies on the distribution of employees' compensation and remuneration of directors after the amendment.

The Company's Articles of Incorporation also stipulate a dividends policy that allows previous accumulated undistributed earnings to be distributed. The distribution of dividends to shareholders is allowed to be in cash or by the issuance of shares. In principle, cash dividends should be at least 10% of the total dividends distributed.

The shareholders of the Company held their regular meeting on June 18, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation. The amendments explicitly stipulate that the board of directors are authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should been submitted in the shareholder's meeting.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficits and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 issued by the FSC (Rule No. 1090150022 issued by the FSC was adopted in the appropriations of earnings since 2021) and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Legal reserve	$ 530,211	$ 360,122
Reversal of special reserve	$ -	$ 29,881
Cash dividends	$ 3,649,295	$ 3,062,779
Dividends per share (NT$)	$ 3.2	$ 2.7

The above 2021 appropriation as cash dividends had been resolved by the Company's board of directors on March 11, 2022; the other proposed appropriations had been resolved by the shareholders in their meeting on June 22, 2022. The appropriations of earnings for 2020 were approved in the shareholders' meeting on July 7, 2021.

The appropriations of earnings for 2022 were proposed by the Company's board of directors on February 23, 2023. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2022
Legal reserve	$ 1,047,188
Cash dividends	$ 5,131,821
Dividends per share (NT$)	$ 4.5

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 29, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 70,678	$ 100,559
Reversals		
Reversal of the debits to other equity items	-	(29,881)
Balance at December 31	$ 70,678	$ 70,678

If a special reserve of $70,678 thousand appropriated on the first-time adoption of IFRSs relates to the exchange differences on translating the financial statements of foreign operations, the special reserve will be reversed proportionately on the Company's disposal of the foreign operations; on the Company's loss of significant influence; however, the entire special reserve will be reversed. An additional special reserve should be appropriated for the amount equal to the difference between the net debit balance of the reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and may thereafter be distributed.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ (2,360,327)	$ (1,022,902)
Recognized during the year		
Exchange differences on translating the financial statements of foreign operations	1,599,423	(1,323,299)
Share from associates and join ventures accounted for using the equity method	6,644	(14,126)
Disposal of subsidiaries	(621)	-
Reclassification adjustments		
Share of associates accounted for using the equity method	2,399	-
Balance at December 31	$ (752,482)	$ (2,360,327)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 4,715,574	$ 1,165,461
Recognized during the year		
Unrealized gain (loss)		
Equity instruments	422,841	3,735,188
Debt instruments	(108,814)	(25,212)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(564,974)	(159,863)
Balance at December 31	$ 4,464,627	$ 4,715,574

f. Non-controlling interests

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 530,719	$ 536,163
Share of profit for the year	27,595	62,003
Other comprehensive income (loss) during the year		
Remeasurement on defined benefit plans	70	107
Unrealized gain (loss) on financial assets at FVTOCI		
Equity instruments	(2,793)	(3,338)
Debt instruments	(4,960)	(1,281)
Exchange difference on translating the financial statements of foreign operations	25,523	(63,192)
Share-based payment	62	17
Adjustments relating to changes in capital surplus of associates accounted for using the equity method	-	240
Balance at December 31	$ 576,216	$ 530,719

g. Treasury shares

	For the Year Ended December 31	
	2022	2021
Number of shares (in thousands) at January 1	-	6,105
Transferred to employees	-	(6,042)
Cancelation of treasury shares	-	(63)
Number of shares (in thousands) at December 31	-	-

The board of directors of the Company resolved to repurchase 20,000 thousand shares of treasury shares on June 13, 2016, which was completed in August 2016, for the purpose of transferring to employees. Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' right on these shares, such as the rights to dividends and to vote.

In June 2021, the Company transferred 6,042 thousand shares to its employees and charged the price of employee stock warrants which were exercised. The cost of treasury shares NT$108,897 thousand had been decreased. The date to deliver the shares to employees was July 2021. Under the Securities and Exchange Act, those shares not transferred before the due date are considered as unissued shares of the Company subject to processing of the registration of the changes. On August 6, 2021, the board of directors resolved to cancel 63 thousand restricted stock, and the amount of the capital reduction was $630 thousand. The measurement date was on August 6, 2021. The capital reduction process was completed on August 20, 2021.

23. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
Type of Revenue/Category by Product	**2022**	**2021**
Revenue from sale of goods		
Internet of Things applications	$ 17,779,401	$ 7,793,514
Consumer electronics	12,259,076	11,853,502
Others	22,032	3,548
	$ 30,060,509	$ 19,650,564
Royalty income	$ 1,339,362	$ 1,748,077

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (Note 10)	$ 4,700,178	$ 3,247,721	$ 1,389,905
Contract assets - current			
Royalty	$ 27,566	$ 35,045	$ 46,900

(Continued)

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities - current			
Royalty	$ 316,235	$ 710,595	$ 1,187,673
Sale of goods	121,207	2,548,518	267,997
	437,442	3,259,113	1,455,670
Contract liabilities - non-current			
Royalty	-	-	351,361
	$ 437,442	$ 3,259,113	$ 1,807,031

(Concluded)

The changes in the balances of contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment. Revenue recognized for the year from the beginning balance of the contract liabilities was as follows:

Type of Revenue	For the Year Ended December 31 2022	2021
Royalty income	$ 703,095	$ 1,111,441
Revenue from sale of goods	2,548,308	267,422
	$ 3,251,403	$ 1,378,863

24. NET INCOME

a. Interest income

	For the Year Ended December 31 2022	2021
Bank deposits	$ 109,295	$ 27,140
Financial assets at FVTPL	193,813	80,105
Financial assets at amortized cost	101,711	73,969
Others	30,590	21,393
	$ 435,409	$ 202,607

b. Other income

	For the Year Ended December 31 2022	2021
Rental income	$ 13,005	$ 18,582
Gain on lease modification	3,901	2
Government grants	568,806	363,579
Gain recognized in bargain purchase transaction	25,131	-
Others	100,574	102,359
	$ 711,417	$ 484,522

c. Depreciation and amortization

	For the Year Ended December 31 2022	2021
Property, plant and equipment	$ 716,777	$ 501,698
Other intangible assets	203,385	478,325
Rights-of-use assets	95,998	83,966
	$ 1,016,160	$ 1,063,989
An analysis of depreciation by function		
Operating costs	$ 312,262	$ 179,013
Operating expenses	500,513	406,651
	$ 812,775	$ 585,664
An analysis of amortization by function		
Operating costs	$ 4,994	$ 8,228
Operating expenses	198,391	470,097
	$ 203,385	$ 478,325

d. Employee benefits expense

	For the Year Ended December 31 2022	2021
Post-employment benefits (Note 21)		
Defined contribution plans	$ 106,883	$ 89,132
Defined benefit plans	3,798	6,400
	110,681	95,532
Share-based payments		
Equity-settled	100,792	93,218
Other employee benefits	5,832,219	4,153,948
Total employee benefits expense	$ 6,043,692	$ 4,342,698
An analysis of employee benefits expense by function		
Operating costs	$ 1,910,670	$ 1,329,700
Operating expenses	4,133,022	3,012,998
	$ 6,043,692	$ 4,342,698

e. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation at the rates of no less than 1% and no higher than 10% as well as remuneration of directors at the rates of no higher than 1%, respectively, of net income before income tax, employees' compensation and remuneration of directors, net of accumulated deficit, if any. The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on, February 23, 2023 and March 11, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	**2021**
Employees' compensation	$ 111,550	$ 53,800
Remuneration of directors	$ 40,000	$ 25,000

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2022	**2021**
Current tax		
In respect of the current year	$ 2,472,086	$ 1,087,224
Income tax on unappropriated earnings	56,130	-
Adjustments for the prior years	(136,819)	(62,200)
	2,391,397	1,025,024
Deferred tax		
In respect of the current year	(251,028)	311,839
Adjustments for the prior years	4,812	-
	(246,216)	311,839
Income tax expense recognized in profit or loss	$ 2,145,181	$ 1,336,863

A reconciliation of accounting profit and income tax expense were as follows:

	For the Year Ended December 31	
	2022	2021
Income before income tax	$ 12,084,526	$ 6,548,911
Income tax expense calculated at the statutory rate (20%)	$ 2,416,905	$ 1,309,782
Nondeductible expenses in determining taxable income	13,436	61,154
Tax-exempt income	(472,450)	(122,845)
Income tax on unappropriated earnings	56,130	-
Unrecognized loss carryforwards, deductible temporary differences and investment credits	91,985	(43,549)
Offshore withholding tax	60,487	59,498
Loss carryforwards	(35,337)	(92,261)
Effect of different tax rates of group entities operating in other jurisdictions	120,032	203,558
Adjustments for the prior years	(132,007)	(62,200)
Others	26,000	23,726
Income tax expense recognized in profit or loss	$ 2,145,181	$ 1,336,863

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current year		
Fair value changes of financial assets at FVTOCI		
Equity instruments	$ 459,171	$ 202,901
Debt instruments	(30,504)	(7,753)
Remeasurement of defined benefits plans	(1,526)	(1,976)
	$ 427,141	$ 193,172

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Prepaid income tax	$ 479	$ 3,500
Tax refund receivable	-	3,268
	$ 479	$ 6,768
Current tax liabilities		
Income tax payable	$ 2,005,876	$ 763,772

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Property, plant and equipment	$ 117,803	$ 10,885	$ -	$ 11,535	$ 140,223
Other payables	86,340	44,847	-	10,611	141,798
Inventories	246,036	(53,101)	-	4,910	197,845
Accounts receivable	46,958	143,099	-	467	190,524
Deferred revenue	103,047	135,377	-	2,615	241,039
Defined benefit plans	22,652	-	1,526	-	24,178
Prepayments	17,639	-	-	-	17,639
Others	19,161	(54,815)	47,426	(4,127)	7,645
	659,636	226,292	48,952	26,011	960,891
Loss carryforwards	47,274	(9,085)	-	2,888	41,077
Investment credits	97,883	(42,727)	-	1,259	56,415
	$ 804,793	$ 174,480	$ 48,952	$ 30,158	$ 1,058,383
Deferred tax liabilities					
Temporary differences					
Financial instruments	$ 216,953	$ (87,983)	$ 476,093	$ (5,885)	$ 599,178
Contract liabilities	62,864	(2,320)	-	2,647	63,191
Others	15,695	18,567	-	-	34,262
	$ 295,512	$ (71,736)	$ 476,093	$ (3,238)	$ 696,631

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Property, plant and equipment	$ 114,274	$ 6,324	$ -	$ (2,795)	$ 117,803
Other payables	67,291	21,313	-	(2,264)	86,340
Inventories	265,779	(18,137)	-	(1,606)	246,036
Accounts receivable	49,080	(1,767)	-	(355)	46,958
Deferred revenue	44,570	59,255	-	(778)	103,047
Defined benefit plans	20,676	-	1,976	-	22,652
Prepayments	17,639	-	-	-	17,639
Others	11,080	(32,096)	29,772	10,405	19,161
	590,389	34,892	31,748	2,607	659,636
Loss carryforwards	64,245	(15,607)	-	(1,364)	47,274
Investment credits	477,059	(342,123)	-	(37,053)	97,883
	$ 1,131,693	$ (322,838)	$ 31,748	$ (35,810)	$ 804,793
Deferred tax liabilities					
Temporary differences					
Financial instruments	$ (2,930)	$ (6,364)	$ 224,920	$ 1,327	$ 216,953
Contract liabilities	75,092	(4,023)	-	(8,205)	62,864
Others	16,306	(612)	-	1	15,695
	$ 88,468	$ (10,999)	$ 224,920	$ (6,877)	$ 295,512

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Loss carryforwards		
Expire in 2026	$ 10,180	$ 9,176
Expire in 2027	176,271	173,609
Expire in 2028	121,081	118,419
Expire in 2029	135,258	132,596
Expire in 2030	80,397	77,735
Expire in 2032	3,112	-
	$ 526,299	$ 511,535
Deductible temporary differences	$ 495,715	$ 378,546

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	Expiry Year
$ 43,740	2023
43,740	2024
43,740	2025
26,979	2026
176,271	2027
121,081	2028
135,258	2029
80,397	2030
3,112	2032
$ 674,318	

g. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2022 and 2021, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were $18,703,329 thousand and $14,797,195 thousand, respectively.

h. Income tax assessments

Income tax assessments of the Group were as follows:

Company	Latest Assessment Year
The Company	2020
YuanHan Materials Inc.	2019
New Field e-Paper Co., Ltd.	2020
Linfiny Corporation	2020

26. EARNINGS PER SHARE

	For the Year Ended December 31	
	2022	2021
Basic earnings per share (NT$)	$ 8.69	$ 4.53
Diluted earnings per share (NT$)	$ 8.60	$ 4.52

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Income for the Year

	For the Year Ended December 31	
	2022	2021
Net income attributable to owners of the Company	$ 9,911,750	$ 5,150,045

Number of Shares

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares (in thousands) used in the computation of basic earnings per share	1,140,405	1,137,384
Effect of potentially dilutive ordinary shares (in thousands)		
Employees' compensation	770	507
Share-based payment arrangements	11,509	2,387
Weighted average number of ordinary shares (in thousands) used in the computation of diluted earnings per share	1,152,684	1,140,278

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. SHARE-BASED PAYMENT ARRANGEMENTS

a. Treasury shares transferred to employees

The board of directors resolved on May 7, 2021 and August 14, 2018 to transfer treasury shares of 1,431 thousand shares and 5,885 thousand shares, respectively, to qualified employees of the Company and its subsidiaries. In compliance with the Company's Regulations Governing Share Repurchase and Transfer to Employees, the transfer price for each arrangement is the average of the actual acquisition price of the treasury shares.

Information about treasury shares transferred to employees is as follows:

For the year ended December 31, 2021

Grant Date	Transferable Shares in Thousands	Shares in Thousands Transferred for the Year	Accumulated Shares in Thousands Transferred	Expired Shares in Thousands	Shares in Thousands at December 31
May 7, 2021	1,431	1,368	1,368	63	-
August 14, 2018	5,885	4,674	4,714	1,171	-

Treasury shares transferred to employees in 2021 and 2018 were priced using a Black-Scholes pricing model. Compensation cost recognized was $69,148 thousand for the year ended December 31, 2021. In 2021 and 2018, The inputs to the models were as follows:

	May 2021	August 2018
Grant date share price (NT$)	$61.40	$36.85
Exercise price (NT$)	$18.02	$18.02
Expected volatility	40.30%	53.23%
Expected life	0-1 year	0-1 year
Expected dividend yield	3.77%	2.46%
Risk-free interest rate	0.76%	0.91%
Weighted-average fair value of options granted (NT$)	$42.90	$18.80

b. Employee share options plan

To attract and retain the professional talents needed by the Company, improve the employees' cohesion and sense of belonging to the Company, and jointly create the interests of the Company and shareholders, the board of directors of the Company resolved to issue 10,000 units of employee share options in May 2021 and December 2020, totaling 20,000 units. Each option entitles the holder to subscribe to 1,000 ordinary shares. The eligible participants in share options are the full-time employees of the Company and subsidiaries. The duration of the share options is 6 years that will expire on August 10, 2027.

Information about employee share options issued was as follows:

Share Options Grant Period	Percentage Exercisable (%) (Cumulative)
Over 2 years	40
Over 3 years	70
Over 4 years	100

	For the Year Ended December 31			
	2022		2021	
Employee Share Options	Unit	Weighted Average Exercise Price (NT$)	Unit	Weighted Average Exercise Price (NT$)
Balance at January 1	19,895	$69.0-77.2	-	
Options granted	-		20,000	$69.0-77.2
Options forfeited	(370)		(105)	
Balance at December 31	19,525		19,895	

The inputs to the models were as follows:

	August 2021	October 2021
Grant date share price (NT$)	$77.2	$69.0
Exercise price (NT$)	$77.2	$69.0
Expected volatility	40.50%-43.77%	40.28%-42.73%
Expected life	2-4 years	2-4 years
Expected dividend yield	3.77%	3.77%
Risk-free interest rate	0.760-0.765%	0.760-0.765%
Weighted-average fair value of options granted (NT$)	$14.7-$19.8	$13.2-$17.2

Compensation costs recognized were $100,792 thousand and $24,070 for the year ended December 31, 2022 and 2021, respectively.

28. NON-CASH TRANSACTIONS

For the years ended December 31, 2022 and 2021, the Group entered into the following non-cash investing activities:

	For the Year Ended December 31	
	2022	2021
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	$ 3,297,908	$ 1,839,663
Increase in payables for construction and equipment (included in other payables)	(196,527)	(7,905)
Net cash paid	$ 3,101,381	$ 1,831,758

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged in the future.

The Group's risk management committee reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on the committee's recommendations, the Group expects to balance its capital structure through the payment of dividends, the issue of new shares and private ordinary shares or the payment of old debt.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivate financial assets				
Foreign exchange forward contracts	$ -	$ 9,383	$ -	$ 9,383
Non-derivative financial assets				
Mutual funds	326,827	-	251,478	578,305
Perpetual bonds	-	3,002,841	-	3,002,841
Domestic listed stocks	7,685	-	-	7,685
Hybrid financial assets				
Convertible preferred shares				
Convertible bonds				
Structured deposits	-	-	77,142	77,142
	$ 334,512	$ 3,012,224	$ 328,620	$ 3,675,356
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	$ 15,087,594	$ -	$ -	$ 15,087,594
Domestic and overseas unlisted shares	-	-	407,594	407,594
Investment in debt instruments				
Overseas straight corporate bonds	-	1,237,198	-	1,237,198
	$ 15,087,594	$ 1,237,198	$ 407,594	$ 16,732,386
Financial liabilities at FVTPL				
Derivative financial liabilities				
Foreign exchange forward contracts	$ -	$ 52,405	$ -	$ 52,405

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivate financial assets				
Foreign exchange forward contracts	$ -	$ 3,097	$ -	$ 3,097
Non-derivative financial assets				
Mutual funds	286,099	-	327,134	613,233
Perpetual bonds	-	2,437,101	-	2,437,101
Hybrid financial assets				
Convertible preferred shares	-	-	121,099	121,099
Convertible bonds	-	-	258,153	258,153
Structured deposits	-	96,304	-	96,304
	$ 286,099	$ 2,536,502	$ 706,386	$ 3,528,987
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	$ 15,619,586	$ -	$ -	$ 15,619,586
Domestic and overseas unlisted shares	-	-	280,151	280,151
Investment in debt instruments				
Overseas straight corporate bonds	-	899,612	-	899,612
	$ 15,619,586	$ 899,612	$ 280,151	$ 16,799,349
Financial liabilities at FVTPL				
Derivative financial liabilities				
Foreign exchange forward contracts	$ -	$ 221,939	$ -	$ 221,939

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 986,537	$ 392,744
Recognized in profit or loss	65,095	109,139
Recognized in other comprehensive income (loss)		
Unrealized gain (loss) on equity instruments	129,265	4,008
Reclassification (Note 1)	320,095	-
Purchase	-	480,996
Disposal	(529,831)	-
Transfer out (Note 2)	(250,850)	-
Exchange differences on translating the financial statements of foreign operations	15,903	(350)
Balance at December 31	$ 736,214	$ 986,537

Note 1: The Group invested in private equity funds issued by BlackStone and Millennium in November 2021 and June 2022, respectively, and made advance prepayments for these investments. The investment process was completed in January 2022 and September 2022, respectively, and the investments were subsequently reclassified as financial assets at fair value through profit or loss.

Note 2: The unlisted shares owned by the Group had been trading on the Emerging Stock Market since February 2022 and transferred from Level 3 to Level 1 fair value measurement. The Group transferred its convertible bonds to equity and reclassified the bonds as investments accounted for using the equity method.

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Derivatives - foreign exchange forward contracts were evaluated by to the discounted cash flow method. Future cash flows are estimated based on observable forward exchange rates and contracted exchange rates at the end of year, discounted at a rate that reflects the credit risk of each counterparties.

Derivatives - structured deposits were evaluated by the discounted cash flow method. Future cash flows are estimated based on the observable interest rate at the end of year, discounted at the market interest rate.

Non-derivatives - the fair value of perpetual bonds and straight corporate bonds was determined by quoted market prices provided by the third party.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

a) Domestic and overseas unlisted shares were evaluated by the market approach, referring to the market share prices and situations of companies with similar conditions. Unobservable input used by the Group was discount for lack of marketability, which was 14%-20% and 16%-20% as of December 31, 2022 and 2021, respectively. If the discount for lack of marketability increased by 1% while all other variables were held constant, the fair value would have decreased $4,543 thousand and $2,857 thousand, respectively.

b) The fair value of convertible preferred shares was determined using the Binomial Option Pricing Model and Black-Scholes Model. The significant unobservable input used is share price volatility. The share price volatility used was 62.76% and 64.48% as of December 31, 2022 and 2021, respectively.

c) The fair value of convertible bonds was determined using the Binomial Option Pricing Model and Black-Scholes Model. The significant unobservable input used is share price volatility. The share price volatility used was 47.47% as of December 31, 2021.

d) The foreign private funds held by the Group were valued using the asset-based approach and were based on the net asset value measured at fair value.

b. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
FVTPL	$ 3,675,356	$ 3,528,987
Amortized cost (Note 1)	20,298,425	16,019,513
FVTOCI		
Equity instruments	15,495,188	15,899,737
Debt instruments	1,237,198	899,612
Financial liabilities		
FVTPL	52,405	221,939
Amortized cost (Note 2)	16,084,857	14,228,873

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable and other receivables.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable, other payables and long-term borrowings(include current portion).

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, accounts receivable, notes and accounts payable, borrowings and lease liabilities. The Group's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to foreign currency risk, interest rate risk and other price risk.

There have been no changes to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign-currency-denominated sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy by utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign-currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting years are set out in Note 35.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar (USD).

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (NTD), Renminbi (RMB) and South Korean Won (KRW) against USD. The sensitivity analysis included only outstanding foreign-currency-denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. For a 1% strengthening of NTD, RMB and KRW against USD, pre-tax income would increase (decrease) as follows:

	NTD to USD		RMB to USD		KRW to USD	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021	2022	2021
Profit or loss	$ (15,781)	$ 22,699	$ (30,980)	$ 3,618	$ (18,848)	$ (19,980)

b) Interest rate risk

The carrying amount of the Group's financial assets, financial liabilities and lease liabilities with exposure to interest rates at the end of the reporting years were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	$ 11,439,477	$ 5,798,688
Financial liabilities	$ 10,758,030	$ 9,258,883
Lease liabilities	$ 1,051,508	$ 1,715,508
Cash flow interest rate risk		
Financial assets	$ 3,893,674	$ 6,804,813

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting years. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The effective interest rates of floating rate financial assets and financial liabilities will change when the market rates change, which will result in fluctuations in future cash flows.

If interest rates had been 50 basis points higher, the Group's pre-tax cash inflows for the years ended December 31, 2022 and 2021, would increase $19,468 thousand and $34,024 thousand, respectively, which was attributable to the Group's floating rate on its financial assets and if interest rates had been 50 basis points lower, there would be an equal and opposite impact on pre-tax cash flows.

c) Other price risk

The Group was exposed to instrument price risk and equity price risk through its investments in mutual funds, equity securities and debt investments. Equity investments are held for strategic rather than for trading purposes, and the Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to price risk of mutual funds, debt investments and equity securities at the end of the reporting years.

If prices in mutual funds, debt investments and equity securities had been 5% higher/lower, the income before income tax for the years ended December 31, 2022 and 2021, would have increased/decreased by $183,299 thousand and $176,295 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income or loss before income tax for the years ended December 31, 2022 and 2021, would have increased/decreased by $836,619 thousand and $839,967 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

Changes in the Group’s sensitivity to price risk are mainly resulting from the increased investment in equity securities and debt investments.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting years, the Group’s maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties, evaluated potential customers through an internal credit rating system and set the credit limit of customers to grasp the credit status of the counterparties and effectively control the credit exposure.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group’s operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group’s unutilized bank borrowing facilities were $13,311,670 thousand and $11,220,428 thousand, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay, including principal and estimated interest. Therefore, bank borrowings with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Lease liabilities	$ 7,498	$ 14,076	$ 54,890	$ 259,910	$ 967,854
Fixed interest rate liabilities	3,483,023	1,552,538	159,962	6,641,268	-
	$ 3,490,521	$ 1,566,614	$ 214,852	$ 6,901,178	$ 967,854

Additional information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 76,464	$ 259,910	$ 235,038	$ 230,994	$ 238,228	$ 263,594

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Lease liabilities	$ 9,222	$ 18,443	$ 82,619	$ 344,117	$ 1,562,944
Fixed interest rate liabilities	7,511,063	916,496	5,669	862,407	-
	$ 7,520,285	$ 934,939	$ 88,288	$ 1,206,524	$ 1,562,944

Additional information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 110,284	$ 344,117	$ 390,233	$ 362,869	$ 362,869	$ 446,973

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Nuclera Nucleics Ltd.	Associate
Nuclera Nucleics Corporation	Associate
NTX Electronics Yangzhou Co., Ltd.	Associate
Plastic Logic HK Limited	Associate
PL Germany GmbH	Associate
Yuen Foong Yu Biotech Co., Ltd.	Associate
Integrated Solutions Technology, Inc.	Associate
Yuen Foong Paper Co., Ltd.	Substantive related party
Yuen Foong Yu Biotech (Kunshan) Co., Ltd.	Substantive related party
SinoPac Securities Corp	Substantive related party
Hsin Yi Enterprise Co., Ltd.	Substantive related party
TGKW Management Limited	Substantive related party
Shen's Art Printing Co., Ltd.	Substantive related party
Foong Tone Technology Co., Ltd.	Substantive related party
YFY Inc.	Investors with significant influence over the Group
Arizon RFID Technology Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Japan Co., Ltd.	Subsidiary of investor with significant influence over the Group
Chung Hwa Pulp Corporation	Subsidiary of investor with significant influence over the Group
YFY Packaging Inc.	Subsidiary of investor with significant influence over the Group
Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Paper Enterprise (Nanjing) Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Corporate Advisory & Services Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Subsidiary of investor with significant influence over the Group
China Color Printing Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Investment Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Development Co., Ltd.	Subsidiary of investor with significant influence over the Group
Livebricks Inc.	Subsidiary of investor with significant influence over the Group
YFY Jupiter US, Inc.	Subsidiary of investor with significant influence over the Group
YFY Global Investment B.V.	Subsidiary of investor with significant influence over the Group

(Continued)

Related Party Name	Related Party Category
Jupiter Prestige Group North America Inc.	Subsidiary of investor with significant influence over the Group
Syntax Communication (H.K.) Limited	Subsidiary of investor with significant influence over the Group
Sustainable Carbohydrate Innovation Co., Ltd.	Subsidiary of investor with significant influence over the Group
Arizon RFID Technology (Hong Kong) Co., Ltd.	Subsidiary of investor with significant influence over the Group
Johnson Lee	Key management personnel

(Concluded)

b. Sales of goods

Related Party Category	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Associate	$ 47,554	$ 25,872

The sales price and collection terms are based on the agreements with the related parties.

c. Purchases of goods

Related Party Category	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Associate	$ 868,068	$ 712,539
Investor and its subsidiaries with significant influence over the Group	21,912	16,176
Substantive related party	1,374	349
	$ 891,354	$ 729,064

The purchase price and payment terms are based on the agreements with the related parties.

d. Manufacturing costs

Related Party Category	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Substantive related party	$ 68,236	$ 62,253
Others	52	191
	$ 68,288	$ 62,444

e. Operating expenses

Related Party Category	For the Year Ended December 31 2022	2021
Associate	$ 55,145	$ 29,930
Substantive related party	33,879	34,990
Investor and its subsidiaries with significant influence over the Group	5,557	4,787
	$ 94,581	$ 69,707

f. Non-operating income - other income

Related Party Category	For the Year Ended December 31 2022	2021
Associate	$ 6,635	$ 6,713
Others	106	167
	$ 6,741	$ 6,880

g. Receivable from related parties

Line Items	Related Party Category	December 31 2022	2021
Accounts receivables	Associate	$ 176,481	$ 92,197
	Less: Loss allowance	(19,057)	(17,177)
		157,424	75,020
	Subsidiary of investor with significant	7,362	6,809
	Substantive related party	55	-
		$ 164,841	$ 81,829
Other receivables	Associate	$ 10,749	$ 9,688
	Less: Loss allowance	(9,769)	(9,769)
	Effects of exchange rate changes	(980)	81
		$ -	$ -

The outstanding accounts receivable from related parties were unsecured.

h. Payable to related parties (included in notes and accounts payable and other payables)

Related Party Category	December 31 2022	2021
Associate	$ 35,873	$ 20,510
Subsidiary of investor with significant influence over the Group	24,560	8,726
Substantive related party	8,565	10,079
	$ 68,998	$ 39,315

The outstanding accounts payable to related parties were unsecured.

i. Prepayments and refundable deposits (included in other non-current assets)

Related Party Category/Name	December 31 2022	2021
Associate	$ -	$ 55,470
Substantive related party		
Yuen Foong Yu Biotech (Kunshan) Co., Ltd.	49,737	48,973
Subsidiary of investor with significant influence over the Group	5,787	1,136
	$ 55,524	$ 105,579

j. Construction in progress and prepayments for equipment (included in property, plant and equipment)

Related Party Category	December 31 2022	2021
Subsidiary of investor with significant influence over the Group	$ 8,218	$ -

k. Disposal of property, plant and equipment

	Proceeds For the Year Ended December 31		Gain (Loss) on Disposal For the Year Ended December 31	
Related Party Category/Name	2022	2021	2022	2021
Associate	$ -	$ 63	$ -	$ 63

l. Lease arrangements

The Group leased offices from a subsidiary of investor with significant influence over the Group and renewed the contract after the expiration in February 2021. The lease term is 2 years. In addition, the Group leased land from a subsidiary of an investor with significant influence over the Group in August 2022. The lease term is 20 years. The related amounts were as follows:

Related Party Category/Name	For the Year Ended December 31 2022	2021
Acquisition of right-of-use assets		
Subsidiary of investor with significant influence over the Group	$ 252,607	$ 5,844

Line Item	December 31 2022	2021
Lease liabilities		
Current (included in other current liabilities)	$ 3,582	$ 2,466
Non-current	247,320	454
	$ 250,902	$ 2,920

Line Item	For the Year Ended December 31	
	2022	2021
Interest expenses	$ 4,643	$ 24

The lease contract between the Group and the related party was determined by reference to the market conditions and payment terms that were similar to those with the third parties.

m. Guarantee deposits received (included in other non-current liabilities)

Related Party Category	December 31	
	2022	2021
Associate	$ 894	$ -
Substantive related party	3	3
Key management personnel	-	1,050
	$ 897	$ 1,053

n. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 163,036	$ 140,947
Post-employment benefits	1,523	1,328
Share-based payments	18,417	9,329
	$ 182,976	$ 151,604

The remuneration of directors and key executives were determined by the remuneration committee based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL

The following demand deposits and time deposits included in financial asset at amortized cost were provided as collateral for short-term borrowings, line of credit for derivative instrument trading, tariff guarantee for imported inventories, lease deposits of plants and land, and deposits for provisional attachment:

	December 31	
	2022	2021
Current	$ 3,058,390	$ 1,930,980
Non-current	138,659	132,580
	$ 3,197,049	$ 2,063,560

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unused letters of credit of the Group for purchase of machinery amounted to $360,600 thousand and $190,572 thousand as of December 31, 2022 and 2021, respectively.

b. Guaranteed notes issued for long-term and short-term borrowings and lines of credit for derivative instrument trading were $13,820,000 thousand and $11,670,000 thousand as of December 31, 2022 and 2021, respectively.

c. Guaranteed notes issued for syndicated loans were all $6,800,000 thousand as of December 31, 2022 and 2021.

d. The board of directors of the subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., approved in March 2020 for an investment plan for the next three to five years. The content of the investment plan includes the construction of R&D buildings, capacity expansion and fundamental operating expenses, with expected investment amount from US$50,000 thousand to US$55,000 thousand. The source of funds is from the parent company's capital increase via cash and the subsidiary's proprietary funds. The percentage of investment was approximately 97% as of December 31, 2022.

e. To expand production capacity for operational needs, in May 2021, the board of directors of the Company resolved the project to construct new Hsinchu factory office building and multi-storey parking lot. The additional budget was approved by the board of directors on August 5, 2022, the total amount of the construction is estimated at NT$2.643 billion. As of December 31, 2022, the progress of implementation was approximately 23%.

f. In response to the business development plan of Yangzhou City, the board of directors of the subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., approved a high-end display service agreement with Yangzhou Economic-Technological Development Area Management Committee in June 2021. It planned to invest in the construction of factories on 420 acres of land in the area it owns to develop electronic paper-related businesses. It planned to increase capital in installments before June 2023, and the total amount will not exceed US$61,000 thousand. As of December 31, 2022, the subsidiary Transcend Optronics (Yangzhou) Co., Ltd. has completed the capital increase of US$9,000 thousand from retained earnings.

g. On August 5, 2022, the board of directors of the Company resolved to construct new factories and office buildings in Guanyin Dist., Taoyuan on a leasehold basis, the total amount of the construction is expected at NT$3.305 billion.

34. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, global consumption patterns have changed. The trend of the contactless economy has continued to accelerate the digital transformation of the retail industry, driving the increase in demand for electronic shelf labels. As a result, the Group has committed to promote and expand the electronic paper industry. The increase in operating revenue and gross profit from January to December 2022 was higher than the same period in 2021. The Group will continuously assess the impact of the pandemic on the Group's operations.

Based on the information available as of the balance sheet date, the Group considered the economic implications of the epidemic when making its critical accounting estimates, refer to Note 5 for the details.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 285,363	30.71 (USD:NTD)	$ 8,763,498
USD	327,813	6.9646 (USD:RMB)	10,067,137
USD	61,375	1,249.898 (USD:KRW)	1,884,826
Non-monetary items			
FVTPL			
USD	97,780	1,249.898 (USD:KRW)	3,002,841
FVOCI			
USD	33,868	1,249.898 (USD:KRW)	1,040,110
EUR	105,733	32.72 (EUR:NTD)	3,459,592
Foreign currency liabilities			
Monetary items			
USD	233,977	30.71 (USD:NTD)	7,185,434
USD	226,935	6.9646 (USD:RMB)	6,969,174

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 393,369	27.68 (USD:NTD)	$ 10,888,454
USD	258,447	6.3757 (USD:RMB)	7,153,813
USD	72,183	1,177.872 (USD:KRW)	1,998,025
USD	53,137	7.7994 (USD:HKD)	1,470,832
Non-monetary items			
FVTPL			
USD	88,045	1,177.872 (USD:KRW)	2,473,101
FVOCI			
EUR	65,173	31.32 (EUR:NTD)	2,041,227
Foreign currency liabilities			
Monetary items			
USD	475,374	27.68 (USD:NTD)	13,158,352
USD	271,517	6.3757 (USD:RMB)	7,515,591
USD	54,403	7.7994 (USD:HKD)	1,505,875

The Group's net realized and unrealized gains on foreign currency exchange were $396,748 thousand and $298,144 thousand for the years ended December 31, 2022 and 2021, respectively. It is impractical to disclose net gain or loss on foreign currency exchange by each significant foreign currency due to the variety of the foreign currency transactions and the functional currency of each entity in the Group.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 4)

5) Acquisition of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital (Table 5)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 7)

9) Trading in derivative instruments (Note 7)

10) Intercompany relationships and significant intercompany transactions (Table 10)

b. Information on investees (Table 8)

c. Information on investments in mainland China (Table 9)

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income and limit on the amount of investment in the mainland China area.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

e) The highest balance, the end of year balance, the interest rate range and total current year interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 11)

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the breakdown by region. The Group's reportable segments were classified into the ROC, Asia and America according to their geographic locations.

The profit or loss from the Group's operating segments is primarily measured by the segment profit or loss, which is used for the basis for assessment of performance. In addition, there are no significant differences between the accounting standards applied by the segments and the summary of significant accounting policies as disclosed in Note 4.

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from operation by reportable segment:

	Segment Revenue For the Year Ended December 31		Segment Profit (Loss) For the Year Ended December 31	
	2022	2021	2022	2021
ROC	$ 25,509,963	$ 22,305,848	$ 6,838,289	$ 2,593,888
Asia	20,620,869	13,884,981	2,683,383	488,005
America	4,303,491	6,292,399	267,586	362,660
Adjustment and eliminations	(20,373,814)	(22,832,664)	-	-
	$ 30,060,509	$ 19,650,564	9,789,258	3,444,553
Administration cost and remunerations to directors			(589,983)	(421,307)
Net loss on fair value changes of financial assets and liabilities at FVTPL			(424,642)	(189,979)
Interest income			435,409	202,607
Royalty income			1,339,362	1,748,077
Dividend income			664,612	503,514

(Continued)

	Segment Revenue For the Year Ended December 31		Segment Profit (Loss) For the Year Ended December 31	
	2022	2021	2022	2021
Net gain on disposal of investment			$ -	$ 654,252
Net gain (loss) on foreign currency exchange			396,748	298,144
Other non-operating income and expenses, net			473,762	309,050
Income before tax			$ 12,084,526	$ 6,548,911

(Concluded)

Segment profit (loss) represented the income before income tax earned by each segment without allocation of administration costs and remuneration of directors, interest income, royalty income, dividend income, net gain on disposal of investment, net gain (loss) on foreign currency exchange, net gain (loss) on fair value changes of financial assets and liabilities at FVTPL, other non-operating income and expenses, and income tax expense, etc.

b. Revenue from major products

Category by Product	For the Year Ended December 31 2022	2021
Internet of things applications	$ 17,779,401	$ 7,793,514
Consumer electronic	12,259,076	11,853,502
Others	22,032	3,548
	$ 30,060,509	$ 19,650,564

c. Geographical information

The Group operates in three principal geographical areas - ROC, Asia and America.

The Group's information about its non-current assets by location of assets was detailed below.

	December 31 2022	2021
ROC	$ 5,630,011	$ 4,536,755
Asia	1,429,462	1,282,582
America	9,899,102	8,806,188
	$ 16,958,575	$ 14,625,525

Non-current assets include property, plant and equipment, right-of-use assets, goodwill, other intangible assets and other non-current assets and exclude non-current assets classified as financial assets at FVTOCI, financial assets at FVTPL, financial assets at amortized cost, investments accounted for using the equity method and deferred tax assets.

d. Information about major customers

Customers who contributed 10% or more to the Group's revenue, mainly from monitors, were as follows:

	For the Year Ended December 31	
	2022	2021
Customer B	$ 4,987,377	$ 3,992,846
Customer A	3,764,798	1,599,930
Customer C	3,466,924	1,313,133
Customer F	2,566,620	2,251,754
Customer D	1,739,911	2,400,599
	$ 16,525,630	$ 11,558,262

E INK HOLDINGS INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance (Note 1)	Ending Balance (Note 1)	Amount Actually Drawn (Note 1)	Interest Rate Intervals (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	E Ink Holdings Inc.	YuanHan Materials Inc.	Other receivables	Yes	$ 1,000,000	$ 1,000,000	$ -	1	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 4,368,699	$ 17,474,795
1	Hydis Technologies Co., Ltd.	YuanHan Materials Inc.	Other receivables	Yes	1,610,750 (US$ 50,000 thousand)	-	-	1.13	Short-term financing	-	Working capital	-	-	-	4,419,808 (KRW 179,886,384 thousand)	4,419,808 (KRW 179,886,384 thousand)
2	YuanHan Materials Inc.	New Field e-Paper Co., Ltd.	Other receivables	Yes	515,505	-	-	1.2	Short-term financing	-	Working capital	-	-	-	849,075	3,396,299
3	PVI Global B.V. (originally named PVI Global Limited)	New Field e-Paper Co., Ltd.	Other receivables	Yes	257,720 (US$ 8,000 thousand)	-	-	1	Short-term financing	-	Working capital	-	-	-	3,105,027 (US$ 101,108 thousand)	12,420,107 (US$ 404,432 thousand)
		YuanHan Materials Inc.	Other receivables	Yes	614,200 (US$ 20,000 thousand)	614,200 (US$ 20,000 thousand)	614,200 (US$ 20,000 thousand)	4.2	Short-term financing	-	Working capital	-	-	-	3,105,027 (US$ 101,108 thousand)	12,420,107 (US$ 404,432 thousand)
		Dream Pacific International B.V. (originally named Dream Pacific International Limited)	Other receivables	Yes	55,278 (US$ 1,800 thousand)	55,278 (US$ 1,800 thousand)	55,278 (US$ 1,800 thousand)	1.2-4.2	Short-term financing	-	Working capital	-	-	-	3,105,027 (US$ 101,108 thousand)	12,420,107 (US$ 404,432 thousand)
4	Tech Smart Logistics Ltd. (Note 3)	YuanHan Materials Inc.	Other receivables	Yes	451,010 (US$ 14,000 thousand)	-	-	1.2	Short-term financing	-	Working capital	-	-	-	-	-
5	New Field e-Paper Co., Ltd.	YuanHan Materials Inc.	Other receivables	Yes	161,075 (US$ 5,000 thousand)	153,550 (US$ 5,000 thousand)	153,550 (US$ 5,000 thousand)	2	Short-term financing	-	Working capital	-	-	-	164,433	657,732
		Prime View Communications Ltd.	Other receivables	Yes	128,860 (US$ 4,000 thousand)	122,840 (US$ 4,000 thousand)	122,840 (US$ 4,000 thousand)	4.2	Short-term financing	-	Working capital	-	-	-	164,433	657,732

Note 1: The amounts are translated at the exchange rate of US$1=NT$30.71, and KRW$1=NT$0.02457 on December 31, 2022, except the maximum balance that is translated at the highest exchange rate at the end of each month for the year.

Note 2: The aggregate and individual financing limits of Hydis Technologies Co., Ltd. shall not exceed 40% of the financing company's net equity per its latest financial statements. The aggregate and individual financing limits of YuanHan Materials Inc., PVI Global B.V. (originally named PVI Global Limited), Tech Smart Logistics Ltd. and New Field e-Paper Co., Ltd. shall not exceed 40% and 10%, respectively, of the financing company's net equity per its latest financial statements.

Note 3: Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.

Note 4: The above intercompany transactions have been eliminated upon consolidation.

TABLE 2

E INK HOLDINGS INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Endorsed/Guaranteed Party		Limit on Endorsement/ Guarantee Amount Provided to Each Endorsed/ Guaranteed Party (Note 1)	Maximum Balance for the Year (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn (Note 2)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiary	Endorsement/ Guarantee to Subsidiary in Mainland China
		Name	Relationship										
0	E Ink Holdings Inc.	E Ink Corporation	Subsidiary	$ 10,921,747	$ 1,353,030 (US$ 42,000 thousand)	$ 1,013,430 (US$ 33,000 thousand)	$ -	$ -	2.32	$ 43,686,988	Yes	No	No
		YuanHan Materials Inc.	Subsidiary	10,921,747	2,750,000	1,850,000	820,000	-	4.23	43,686,988	Yes	No	No
		New Field e-Paper Co., Ltd.	Subsidiary	10,921,747	200,000	200,000	-	-	0.46	43,686,988	Yes	No	No
		Linfiny Corporation	Subsidiary	10,921,747	350,000	250,000	85,000	-	0.57	43,686,988	Yes	No	No
1	Hydis Technologies Co., Ltd.	E Ink Holdings Inc.	Parent company	2,762,380 (KRW 112,428,990 thousand)	644,300 (US$ 20,000 thousand)	614,200 (US$ 20,000 thousand)	370,000	-	5.56	11,049,521 (KRW 449,715,959 thousand)	No	Yes	No

Note 1: The amount shall not exceed 25% of the net equity of the Company and the subsidiary, Hydis Technologies Co., Ltd.

Note 2: The amounts are translated at the exchange rate of US$1=NT$30.71, and KRW1=NT$0.02457 on December 31, 2022, except the maximum balance is translated at the highest exchange rate of the end of each month for the year.

Note 3: The amount shall not exceed the net equity of the Company and the subsidiary, Hydis Technologies Co., Ltd.

E INK HOLDINGS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
E Ink Holdings Inc.	Ordinary shares							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	120,717,685	$ 2,022,021	1.06	$ 2,022,021	
	YFY Inc.	Investor with significant influence over the Company	Financial assets at FVTOCI	7,814,000	191,052	0.47	191,052	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Company	Financial assets at FVTOCI	336,002	11,743	0.13	11,743	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	668,470	14,505	0.01	14,505	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	8,394,750	254,781	0.06	254,781	
	Getac Technology Corporation	-	Financial assets at FVTOCI	175,000	7,726	0.03	7,726	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	6,344,386	213,489	0.09	213,489	
	Asia Electronic Material Co., Ltd.	-	Financial assets at FVTOCI	2,406,000	35,489	2.45	35,489	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI	4,497,000	185,276	2.15	185,276	
	LITE-ON Technology	-	Financial assets at FVTOCI	1,474,000	94,041	0.06	94,042	
	IGNIS INNOVATION INC.	-	Financial assets at FVTPL - non-current	387,597	-	0.18	-	
	Cathay Financial Holding Co., Ltd.	-	Financial assets at FVTPL - non-current	192,130	7,685	-	7,685	
	Preferred shares							
	Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	4,675,000	282,370	0.03	282,370	
	Cathay Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	2,354,000	133,237	0.02	133,237	
	Taishin Financial Holding Co., Ltd. (E)	-	Financial assets at FVTOCI	2,293,000	118,319	0.02	118,318	
	Convertible preferred shares							
	MICAREO INC.	-	Financial assets at FVTPL - non-current	6,000,000	-	14.69	-	
New Field e-Paper Co., Ltd.	Ordinary shares							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	22,248,280	372,659	0.20	372,659	
	Jetbest Corporation	-	Financial assets at FVTOCI	278,000	6,992	0.85	6,992	
	Ventec International Group Co., Ltd.	-	Financial assets at FVTOCI	68,000	5,120	0.10	5,120	
	Wistron Corporation	-	Financial assets at FVTOCI	1,544,000	45,394	0.05	45,394	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	1,814,881	61,071	0.02	61,071	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI	1,520,000	62,624	0.73	62,624	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YuanHan Materials Inc.	Ordinary shares							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	217,012,972	$ 3,634,967	1.90	$ 3,634,967	
	YFY Inc.	Investor with significant influence over the parent company	Financial assets at FVTOCI	16,000	391	-	391	
	Netronix Inc.	-	Financial assets at FVTOCI	5,309,198	337,134	6.40	337,134	
	SES-imagotag	-	Financial assets at FVTOCI	866,666	3,459,592	5.47	3,459,592	
	Fitipower Integrated Technology Inc.	-	Financial assets at FVTOCI	1,490,626	172,167	0.80	172,167	
	Formolight Technologies, Inc.	-	Financial assets at FVTOCI	2,227,500	12,077	10.93	12,077	
	Echem Solutions Corp.	-	Financial assets at FVTOCI	742,820	142,621	0.92	142,621	
	Ecrowd Media Inc.	-	Financial assets at FVTOCI	1,309,701	11,091	6.46	11,091	
	Mega Financial Holding Company Ltd.	-	Financial assets at FVTOCI	4,766,250	144,656	0.03	144,656	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	136,990	2,973	-	2,973	
	Daxin Materials Corporation	-	Financial assets at FVTOCI	1,138,000	73,970	1.11	73,970	
	Getac Technology Corporation	-	Financial assets at FVTOCI	4,197,000	185,298	0.70	185,298	
	Zenitron Corporation.	-	Financial assets at FVTOCI	4,249,000	123,009	1.95	123,009	
	Ushine Photonics Corporation	-	Financial assets at FVTOCI	3,596,602	179,650	13.89	179,650	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	3,450,474	116,108	0.05	116,108	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the parent company	Financial assets at FVTOCI	688	24	-	24	
	Preferred shares							
	Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	4,684,000	282,914	0.03	282,914	
	Convertible preferred shares							
	SigmaSense, LLC	-	Financial assets at FVTPL - non-current	72,916	77,142	1.61	77,142	
	Straight corporate bonds							
	FS KKR Capital Corp	-	Financial assets at FVTOCI	2,000,000	59,770	-	59,770	
	Nomura Holdings Inc.	-	Financial assets at FVTOCI	1,950,000	49,565	-	49,565	
	Swiss Re Group	-	Financial assets at FVTOCI	3,000,000	87,754	-	87,754	
	Mutual funds							
	Blackstone REITS	-	Financial assets at FVTPL - non-current	4,430	185,232	-	185,232	
	Millennium	-	Financial assets at FVTPL - non-current	1,941,407	66,246	-	66,246	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Transcend Optronics (Yangzhou) Co., Ltd.	Ordinary shares							
	Dke Co., Ltd.	-	Financial assets at FVTOCI	1,255,500	RMB 19,072 thousand	2.73	RMB 19,072 thousand	
	Hanshow Technology Corporation	-	Financial assets at FVTOCI	2,880,000	RMB 68,112 thousand	0.76	RMB 68,112 thousand	
	Agricultural Bank of China Limited	-	Financial assets at FVTOCI	4,943,000	RMB 14,384 thousand	-	RMB 14,384 thousand	
	Industrial and Commercial Bank of China Limited	-	Financial assets at FVTOCI	3,180,000	RMB 13,801 thousand	-	RMB 13,801 thousand	
	China Construction Bank Corporation	-	Financial assets at FVTOCI	2,490,996	RMB 14,024 thousand	-	RMB 14,024 thousand	
	Bank of China Limited	-	Financial assets at FVTOCI	4,630,000	RMB 14,631 thousand	-	RMB 14,631 thousand	
Hydis Technologies Co., Ltd.	Ordinary shares							
	SOLUM CO., LTD.	-	Financial assets at FVTOCI	840,990	KRW 14,633,226 thousand	1.68	KRW 14,633,226 thousand	
	Hana Financial Group Inc.	-	Financial assets at FVTOCI	455,121	KRW 19,137,838 thousand	0.16	KRW 19,137,838 thousand	
	KT&G Corporation	-	Financial assets at FVTOCI	290,618	KRW 26,591,547 thousand	0.24	KRW 26,591,547 thousand	
	LG Uplus Corp	-	Financial assets at FVTOCI	664,380	KRW 7,341,399 thousand	0.15	KRW 7,341,399 thousand	
	SAMSUNG CARD CO., LTD.	-	Financial assets at FVTOCI	275,805	KRW 8,150,038 thousand	0.26	KRW 8,150,038 thousand	
	Mutual funds							
	Term Liquidity Fund	-	Financial assets at FVTPL - non-current	95,558	KRW 13,302,929 thousand	-	KRW 13,302,929 thousand	
	Perpetual bonds							
	JP Morgan Chase & Co.	-	Financial assets at FVTPL - current	29,800,000	KRW 37,236,822 thousand	-	KRW 37,236,822 thousand	
	BARCLAYS	-	Financial assets at FVTPL - current	8,900,000	KRW 10,993,612 thousand	-	KRW 10,993,612 thousand	
	CITI	-	Financial assets at FVTPL - current	8,890,000	KRW 11,069,824 thousand	-	KRW 11,069,824 thousand	
	JP Morgan Chase & Co.	-	Financial assets at FVTPL - non-current	18,700,000	KRW 21,162,769 thousand	-	KRW 21,162,769 thousand	
	Bank of America Corporation	-	Financial assets at FVTPL - non-current	37,900,000	KRW 41,762,668 thousand	-	KRW 41,762,668 thousand	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Straight corporate bonds							
	NOMURA HOLDINGS, INC.	-	Financial assets at FVTOCI	16,000,000	KRW 16,933,156 thousand	-	KRW 16,933,156 thousand	
	BARCLAYS	-	Financial assets at FVTOCI	8,490,000	KRW 9,975,083 thousand	-	KRW 9,975,083 thousand	
	Standard Chartered PLC	-	Financial assets at FVTOCI	8,800,000	KRW 10,651,712 thousand	-	KRW 10,651,712 thousand	
	Swiss Re Group	-	Financial assets at FVTOCI	3,950,000	KRW 4,775,997 thousand	-	KRW 4,775,997 thousand	
	Fubon hyundai life	-	Financial assets at amortized cost - non-current	2,200,000	KRW 21,973,768 thousand	-	KRW 21,973,768 thousand	
	Hanwha General Insurance	-	Financial assets at amortized cost - non-current	300,000	KRW 2,998,113 thousand	-	KRW 2,998,113 thousand	

Note: Refer to Tables 8 and 9 for information on investments in subsidiaries and associates.

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustments	Ending Balance	
					Units	Amount	Units	Amount	Units	Prices	Carrying Amount	Gain on Disposal		Units	Amount
E Ink Holdings Inc.	Ordinary shares Ultra Chip, Inc.	Financial assets at FVTOCI - current	SinoPac Securities Corporation	-	2,603,676	$ 663,937	-	$ -	2,603,676	$ 441,762	$ 25,401	$ 416,361 (Note 9)	$ (638,536) (Note 3)	-	$ -
Tech Smart Logistics Ltd. (Note 10)	Ordinary shares E Ink Corporation (Notes 1 and 5)	Investment accounted for using the equity method	New Field e-Paper Co., Ltd. and E Ink Holdings Inc.	Same ultimate parent company and parent company	954	US$ 133,017 thousand	-	-	954	US$ 133,048 thousand	US$ 133,043 thousand	US$ 5 thousand (Note 2)	US$ 26 thousand (Note 4)	-	-
New Field e-Paper Co., Ltd.	Ordinary shares E Ink Corporation (Notes 1 and 6)	Investment accounted for using the equity method	Tech Smart Logistics Ltd and E Ink Holdings Inc.	Same ultimate parent company and parent company	294	1,205,001	953	3,977,796	1,247	4,908,393	5,183,013	(274,620) (Note 2)	216 (Note 4)	-	-
E Ink Holdings Inc.	Ordinary shares E Ink Corporation (Notes 1 and 7)	Investment accounted for using the equity method	Tech Smart Logistics Ltd, New Field e-Paper Co., Ltd. and PVI Global B.V. (originally named PVI Global Limited)	Subsidiary	1,034	4,239,021	1,248	5,187,186	2,282	9,149,622	9,426,966	(277,344) (Note 2)	759 (Note 4)	-	-
PVI Global B.V. (originally named PVI Global Limited)	Ordinary shares E Ink Corporation (Notes 1, 7 and 8)	Investment accounted for using the equity method	E Ink Holdings Inc. and Dream Pacific International Limited	Parent company and subsidiary	-	-	2,282	US$ 329,123 thousand	2,282	US$ 329,123 thousand	US$ 329,123 thousand	-	-	-	-
Dream Pacific International Limited (originally named Dream Pacific International Limited)	Ordinary shares E Ink Corporation (Notes 1 and 8)	Investment accounted for using the equity method	PVI Global B.V. (originally named PVI Global Limited)	Parent company	-	-	2,282	US$ 329,123 thousand	-	-	-	-	US$ 9,536 thousand (Note 4)	2,282	US$ 344,778 thousand
Transcend Optronics (Yangzhou) Co., Ltd.	Principal guaranteed wealth investment products Principal guaranteed with floating profit structured deposits	Financial assets at FVTPL - current	Bank of Jiansu	-	-	-	-	RMB 70,000 thousand	-	RMB 70,510 thousand	RMB 70,000 thousand	RMB 510 thousand	-	-	-

Note 1: To improve the Group's strategic development and long-term operating strategy, the Company's board of directors approved an adjustment to the organizational structure in November 2021. The Group transferred all shares of E Ink Corporation to Dream Pacific International B.V. (originally named Dream Pacific International Limited) in February 2022, refer to Note 14.

Note 2: These amounts were recognized in capital surplus.

Note 3: Recognized in unrealized gain (loss) on financial assets at FVTOCI.

Note 4: These amounts included exchange differences on translating the financial statements of foreign operations and the share of gain or loss of associates accounted for using the equity method.

Note 5: Sold 953 shares and 1 share to New Field e-Paper Co., Ltd. and E Ink Holdings Inc., respectively.

Note 6: New Field e-Paper Co., Ltd. returned the shares of E Ink Corporation originally held by itself and acquired from Tech Smart Logistics Ltd. to E Ink Holdings Inc. by way of selling of the shares and reduction of capital.

Note 7: E Ink Holdings Inc. participated in the capital increase of PVI Global B.V. (originally named PVI Global Limited) with US$329,123 thousand (NT $9,149,622 thousand) by using the shares of E Ink Corporation originally held by itself, acquired from Tech Smart Logistics Ltd. and New Field e-Paper Co. (including shares obtained by reduction way of capital).

Note 8: PVI Global B.V. (originally named PVI Global Limited) participated in the capital increase of Dream Pacific International B.V. (originally named Dream Pacific International Limited) with US$329,123 thousand (NT$9,149,622 thousand) by using the shares of E Ink Corporation which were acquired from E Ink Holdings Inc.

Note 9: Disposal of investments in equity instruments designated as at FVTOCI transferred to cumulative gain of retained earnings.

Note 10: Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.

E INK HOLDINGS INC. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
E Ink Corporation	Land and buildings	November 30, 2022	US$ 22,400	Fully paid up	Tech Park I and II Limited Partnership	Unrelated parties	-	-	-	$ -	Refer to market conditions and real estate valuation reports	Used as the Groups R&D headquarters	-

TABLE 6

E INK HOLDINGS INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)	
E Ink Holdings Inc.	Prime View Communications Ltd.	Subsidiary	Sale	$ (767,710)	(3)	By agreements	$ -	-	$ 3,377	-	
	E Ink Corporation	Subsidiary	Purchase	3,548,908	29	By agreements	-	-	(764,959)	(15)	
	YuanHan Materials Inc.	Subsidiary	Sale	(237,884)	(1)	By agreements	-	-	59,243	2	
	YuanHan Materials Inc.	Subsidiary	Purchase	1,209,310	10	By agreements	-	-	(75,308)	(1)	
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Purchase	2,358,050	19	By agreements	-	-	(4,125,081)	(81)	
	Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	Sale	(1,015,198)	(4)	By agreements	-	-	553,917	17	
	NTX Electronics Yangzhou Co., Ltd.	Associate	Purchase	807,129	7	By agreements	-	-	-	-	
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	Sale	(1,209,310)	(57)	By agreements	-	-	75,308	97	
	E Ink Holdings Inc.	Parent company	Purchase	237,884	15	By agreements	-	-	(59,243)	(100)	
Prime View Communications Ltd.	E Ink Holdings Inc.	Parent company	Purchase	767,710	100	By agreements	-	-	(3,377)	(100)	
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Sale	(2,358,050)	(68)	By agreements	-	-	4,125,081	100	
	Rich Optronics (Yangzhou) Co., Ltd.	Same ultimate parent company	Purchase	749,005	5	By agreements	-	-	(164,689)	(4)	
Rich Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Purchase	1,015,198	60	By agreements	-	-	(553,917)	(100)	
	Transcend Optronics (Yangzhou) Co., Ltd.	Same ultimate parent company	Sale	(749,005)	(40)	By agreements	-	-	164,689	99	
E Ink Corporation	E Ink Holdings Inc.	Parent company	Sale	(3,548,908)	(99)	By agreements	-	-	764,959	97	
	E Ink California, LLC	Subsidiary	Purchase	705,841	17	By agreements	-	-	(406,194)	(99)	
E Ink California, LLC	E Ink Corporation	Parent company	Sale	(705,841)	(100)	By agreements	-	-	406,194	100	

Note 1: The calculation is based on each company’s receivables from (payables to) related parties.

Note 2: The above intercompany transactions have been eliminated upon consolidation, except transactions with NTX Electronics Yangzhou Co., Ltd.

E INK HOLDINGS INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (Times)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
E Ink Holdings Inc.	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	$ 2,584,910	(Note 1)	$ 125,687	Collected	$ 985,171	$ -
	Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	553,917	3.67	180,029	Collected	180,029	-
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	4,125,081	(Note 1)	384,727	Collected	2,088,974	-
Rich Optronics (Yangzhou) Co., Ltd.	Transcend Optronics (Yangzhou) Co., Ltd.	Same ultimate parent company	164,689	9.10	-	-	99,412	-
E Ink Corporation	E Ink Holdings Inc.	Parent company	764,959	2.97	188,066	Collected	275,144	-
E Ink California, LLC	E Ink Corporation	Parent company	406,194	1.98	167,012	In the process of collection	53,879	-

Note 1: Other receivables from materials delivered to subcontractors.

Note 2: The above intercompany transactions have been eliminated upon consolidation.

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of Investee	Share of Profit (Loss) of Investee	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
E Ink Holdings Inc.	PVI Global B.V. (originally named PVI Global Limited)	Eindhoven	Investment	$ 12,510,056	$ 3,360,434	108,413,176	100.00	$ 31,050,242	$ 3,896,419	$ 3,896,419	(Note 2)
	New Field e-Paper Co., Ltd.	Taoyuan, Taiwan	Investment	2,488,349	6,394,455	177,217,132	100.00	1,644,329	31,568	31,568	(Note 2)
	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	-	4,911,303	-	-	-	256,483	7	(Note 2)
	YuanHan Materials Inc.	Taipei, Taiwan	Research, development and sale of electronic parts and electronic ink	6,420,230	6,420,230	183,819,268	100.00	8,427,740	529,398	485,667	(Note 2)
	Dream Universe Ltd.	Mauritius	Trading	128,710	128,710	4,050,000	100.00	393,099	5,898	5,898	(Note 2)
	Prime View Communications Ltd.	Hong Kong	Trading	18,988	18,988	3,570,000	100.00	(68,926)	(30,167)	(30,167)	(Note 2)
	Enttek Co., Ltd.	Taichung, Taiwan	Manufacture and sale of consumer audio-visual systems	34,547	34,547	2,203,161	47.07	-	-	-	Under liquidation
	Tech Smart Logistics Ltd.	British Virgin Islands	Trading	-	49,267	-	-	-	2,990	3	(Note 1)
	Linfiny Corporation	Taoyuan, Taiwan	Research and development of electronic ink	16,800	16,800	1,680,000	4.00	(1,273)	(16,071)	(2,462)	(Note 2)
	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	6,597	6,597	223,655	2.40	-	(16,620)	(1,105)	
	E Ink Japan Inc.	Tokyo, Japan	Development of electronic ink products	15,065	15,065	200	100.00	16,980	373	373	(Note 2)
	Integrated Solutions Technology, Inc.	Taipei, Taiwan	Technical services and trading business of integrated circuits and electronic circuit application design, etc.	148,743	-	9,896,402	26.20	158,562	(33,729)	(8,838)	
New Field e-Paper Co., Ltd.	Tech Smart Logistics Ltd.	British Virgin Islands	Trading	-	4,865,850	-	-	-	2,990	2,987	(Note 1)
	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	-	1,618,500	-	-	-	256,483	2	(Note 2)
YuanHan Materials Inc.	Linfiny Corporation	Taoyuan, Taiwan	Research and development of electronic ink	323,400	323,400	32,340,000	77.00	10,525	(16,071)	(12,375)	(Note 2)
	Yuen Foong Yu Biotech Co., Ltd.	Taipei, Taiwan	Cultivation, processing and sale of agriculture and restaurant management	36,000	36,000	3,600,000	36.00	-	(30,267)	(10,896)	
	Kyoritsu Optronics Co., Ltd.,	Taipei, Taiwan	Technology development, transfer and licensing of flat panels	18,860	18,860	1,050,000	25.65	-	-	-	
	Nuclera Nucleics Ltd.	Cambridge, UK	Protein, gene synthesis and digital microfluidics	306,491	-	461,365	6.24	295,186	(259,959)	(23,053)	
	Integrated Solutions Technology, Inc.	Taipei, Taiwan	Technical services and trading business of integrated circuits and electronic circuit application design, etc.	51,027	-	3,395,000	8.99	54,395	(33,729)	(3,032)	
Linfiny Corporation	Linfiny Japan Inc.	Tokyo, Japan	Research and development of electronic ink	11,088	11,088	4,000	100.00	24,820	2,180	2,180	(Note 2)
E Ink Corporation	E Ink California, LLC	California, USA	Research, development and sale of electronic ink	US$ 29,100 thousand	US$ 29,100 thousand	27,400,000	100.00	US$ 33,606 thousand	US$ 2,223 thousand	US$ 176 thousand	(Note 2)
	Nuclera Nucleics Ltd.	Cambridge, UK	Protein, gene synthesis and digital microfluidics	US$ 25,691 thousand	US$ 25,691 thousand	1,107,094	14.98	US$ 27,057 thousand	US$ (8,722) thousand	US$ (1,038) thousand	
Tech Smart Logistics Ltd.	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	-	US$ 152,875 thousand	-	-	-	US$ 8,559 thousand	-	(Note 2)
PVI Global B.V. (originally named PVI Global Limited)	PVI International Corp.	British Virgin Islands	Trading	US$ 169,300 thousand	US$ 169,300 thousand	169,300,000	100.00	US$ 252,803 thousand	US$ 83,275 thousand	US$ 83,275 thousand	(Note 2)
	Dream Pacific International B.V. (originally named Dream Pacific International Limited)	Eindhoven	Investment	US$ 330,123 thousand	US$ 1,000 thousand	26,000,000	100.00	US$ 684,930 thousand	US$ 38,655 thousand	US$ 38,655 thousand	(Note 2)
	Ruby Lustre Ltd.	British Virgin Islands	Investment	US$ 30,000 thousand	US$ 30,000 thousand	30,000,000	100.00	US$ 32,774 thousand	US$ 6,934 thousand	US$ 6,934 thousand	(Note 2)
	North Diamond International Co., Ltd.	British Virgin Islands	Investment	US $1,750 thousand	US$ 1,750 thousand	1,750,000	35.00	-	-	-	
	Rock Pearl International Corp.	British Virgin Islands	Investment	US$ 1,540 thousand	US$ 1,540 thousand	1,540,000	35.00	-	-	-	
Dream Pacific International B.V. (originally named Dream Pacific International Limited)	Hydis Technologies Co., Ltd.	South Korea	Research, development and licensing of monitors	US$ 27,612 thousand	US$ 27,612 thousand	3,783,265	94.73	US$ 340,813 thousand	US$ 25,460 thousand	US$ 25,237 thousand	(Note 2)
	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	US$ 329,123 thousand	-	2,282	100.00	US$ 344,778 thousand	US$ 8,559 thousand	US$ 8,559 thousand	(Note 2)
Hydis Technologies Co., Ltd.	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	KRW 2,942,500 thousand	KRW 2,942,500 thousand	2,500,000	26.79	-	KRW (714,911) thousand	KRW (525,756) thousand	

Note 1: Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.

Note 2: All intercompany transactions have been eliminated upon consolidation.

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Business and Product	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 1)	Net Income (Loss) of Investee (Note 2)	Direct or Indirect Percentage of Ownership (%)	Share of Profit (Loss) of Investee (Notes 2 and 3)	Carrying Amount as of December 31, 2022 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Transcend Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	$ 5,751,983 (US$ 187,300 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	$ 3,619,020 (US$ 117,845 thousand)	$ -	$ -	$ 3,619,020 (US$ 117,845 thousand)	$ 2,512,085 (US$ 84,284 thousand)	100.00	$ 2,482,011 (US$ 83,275 thousand)	$ 7,756,885 (US$ 252,585 thousand)	$ -
Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	921,300 (US$ 30,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	921,300 (US$ 30,000 thousand)	-	-	921,300 (US$ 30,000 thousand)	206,668 (US$ 6,934 thousand)	100.00	206,668 (US$ 6,934 thousand)	1,006,490 (US$ 32,774 thousand)	-
Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	1,134,151 (US$ 36,931 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	51,920 (US$ 1,742 thousand)	100.00	51,920 (US$ 1,742 thousand)	874,836 (US$ 28,487 thousand)	-
Yangzhou Huaxia Integrated O/E System Co., Ltd. (Liquidated)	Manufacture and sale of LED products	-	The Company indirectly owns the investee through an investment company registered in a third region	42,687 (US$ 1,390 thousand)	-	-	42,687 (US$ 1,390 thousand)	-	100.00	-	-	-
Dihao Electronics (Yangzhou) Co., Ltd. (Under liquidation)	Assembly of LCD backlight board display modules	153,550 (US$ 5,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	53,743 (US$ 1,750 thousand)	-	-	53,743 (US$ 1,750 thousand)	-	35.00	-	-	-
NTX Electronics Yangzhou Co., Ltd.	Manufacture and sale of flat panels	176,378 (RMB 40,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	27,454 (RMB 6,260 thousand)	49.00	13,452 (RMB 3,068 thousand)	116,866 (RMB 26,504 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 4,636,750 (US$ 150,985 thousand)	$ 9,585,666 (US$ 312,135 thousand)	$ 31,306,640

(Continued)

Note 1: The amounts are translated at the exchange rate of US$1=NT$30.71 and RMB1＝NT$4.40944 on December 31, 2022.

Note 2: The amounts are translated at the average exchange rate of US$1＝NT$29.805 and RMB1＝NT$4.43474 for the year ended December 31, 2022.

Note 3: The carrying amount and related investment income or loss were calculated based on the unaudited financial statements of the corresponding period, except for Transcend Optronics (Yangzhou) Co., Ltd., Rich Optronics (Yangzhou) Co., Ltd. and Transyork Technology Yangzhou Ltd.

Note 4: Refer to Tables 6, 7 and 10, for information on the prices, payment terms and unrealized profit or loss of significant transactions with investee companies in mainland China.

Note 5: The above intercompany transactions have been eliminated upon consolidation, except transactions with NTX Electronics Yangzhou Co., Ltd. and Dihao Electronics (Yangzhou) Co., Ltd.

(Concluded)

TABLE 10

E INK HOLDINGS INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No	Company Name	Related Party	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	E Ink Holdings Inc.	Prime View Communications Ltd.	Subsidiary	Sales revenue	$ 767,710	By agreements	2.6
		E Ink Corporation	Subsidiary	Accounts payable to related parties	764,959	By agreements	1.2
		E Ink Corporation	Subsidiary	Cost of goods sold	3,548,908	By agreements	11.8
		YuanHan Materials Inc.	Subsidiary	Cost of goods sold	1,209,310	By agreements	4.0
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts receivable from related parties	2,584,910	By agreements	4.0
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts payable to related parties	4,125,081	By agreements	6.3
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Cost of goods sold	2,358,050	By agreements	7.8
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Manufacturing expenses	1,149,048	By agreements	3.8
		Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	Sales revenue	1,015,198	By agreements	3.4
		Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts receivable from related parties	553,917	By agreements	0.8
1	YuanHan Materials Inc.	PVI Global B.V.	Same ultimate parent company	Other payable from related parties	614,988	By agreements	0.9
2	Transcend Optronics (Yangzhou) Co., Ltd.	Rich Optronics (Yangzhou) Co., Ltd.	Same ultimate parent company	Cost of goods sold	749,005	By agreements	2.5
3	E Ink California, LLC	E Ink Corporation	Parent Company	Sales revenue	705,841	By agreements	2.3

Note 1: The above intercompany transactions have been eliminated upon consolidation.

Note 2: Transactions amounts of $500 million or more are disclosed in this table.

TABLE 11

E INK HOLDINGS INC.

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
YFY Inc.	133,472,904	11.70
S.C. Ho	80,434,300	7.05

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

B. Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors’ Report

E Ink Holdings Inc.

Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors’ Report

The key audit matter for the Company's financial statements for the year ended December 31, 2022 is stated as follows:

Authenticity of Sales Revenue - Recognition of Sales Revenue from Internet of Things Applications Products

The Company mainly sells e-paper products such as Internet of Things applications and consumer electronics. The Company's sales revenue has increased considerably this year, mostly because of the increase in sales revenue from Internet of Things applications products, which consequently increased the risk associated with the occurrence of sales revenue transactions from Internet of Things applications products. Therefore, the authenticity of sales revenue was identified as a key audit matter.

Our key audit procedures performed in respect of the above area included the following:

1. We understood and tested the design and operating effectiveness of relevant internal controls over the occurrence of sales revenue from Internet of Things applications products.

2. We sampled the sales details of Internet of Things applications products, inspected receipts signed by the customers or export declaration of overseas sales, and confirmed the receipt of payments.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including members of the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine a matter that was of most significance in the audit of the financial statements for the year ended December 31, 2022, and is therefore the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Hui-Min Huang and Ya-Ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2023

<u>*Notice to Readers*</u>

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

E INK HOLDINGS INC.

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS (Note 4)				
Cash and cash equivalents (Note 6)	$ 1,665,566	3	$ 2,420,512	4
Financial assets measured at amortized cost (Notes 9 and 27)	480,041	1	34,665	-
Accounts receivable (Notes 10 and 18)	3,104,845	5	1,799,879	3
Accounts receivable from related parties (Notes 10, 18 and 26)	3,313,437	5	5,940,295	11
Inventories (Note 11)	3,540,804	6	3,331,601	6
Prepayments	164,758	-	90,574	-
Other current assets (Notes 7 and 26)	86,537	-	20,953	-
Total current assets	12,355,988	20	13,638,479	24
NON-CURRENT ASSETS (Note 4)				
Financial assets at fair value through other comprehensive income (Notes 8 and 26)	3,564,049	6	4,769,739	8
Investments accounted for using the equity method (Notes 12 and 26)	41,690,952	66	34,983,733	61
Property, plant and equipment (Notes 13, 19, 23 and 26)	3,583,886	6	2,235,982	4
Right-of-use assets (Notes 14, 19 and 26)	883,386	1	797,765	2
Other intangible assets (Note 19)	179,410	-	206,420	-
Deferred tax assets (Note 20)	677,658	1	396,160	1
Other non-current assets	12,836	-	6,584	-
Total non-current assets	50,592,177	80	43,396,383	76
TOTAL	$ 62,948,165	100	$ 57,034,862	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Short-term borrowings (Note 15)	$ 1,800,000	3	$ 2,210,200	4
Short-term bills payable (Note 15)	349,835	1	4,299,598	7
Contract liabilities (Note 18)	189,850	-	2,620,296	5
Notes and accounts payable	1,291,869	2	2,512,656	4
Accounts payable to related parties (Note 26)	5,078,557	8	6,790,439	12
Other payables (Notes 23 and 26)	1,574,768	2	942,540	2
Current tax liabilities (Note 20)	1,436,470	2	243,657	-
Current portion of long-term borrowings (Note 15)	150,000	-	-	-
Receipts in advance (Note 26)	1,018,818	2	387,339	1
Other current liabilities (Notes 14 and 26)	321,241	1	92,041	-
Total current liabilities	13,211,408	21	20,098,766	35
NON-CURRENT LIABILITIES (Note 4)				
Long-term borrowings (Note 15)	5,001,228	8	847,340	2
Lease liabilities (Note 14)	871,393	2	787,622	1
Net defined benefit liabilities (Note 16)	90,154	-	90,036	-
Other non-current liabilities (Notes 12, 20 and 26)	86,994	-	43,932	-
Total non-current liabilities	6,049,769	10	1,768,930	3
Total liabilities	19,261,177	31	21,867,696	38
EQUITY (Notes 17 and 22)				
Share capital	11,404,047	18	11,404,047	20
Capital surplus	10,748,007	17	10,407,670	18
Retained earnings	17,822,789	28	11,000,202	20
Other equity	3,712,145	6	2,355,247	4
Total equity	43,686,988	69	35,167,166	62
TOTAL	$ 62,948,165	100	$ 57,034,862	100

The accompanying notes are an integral part of the financial statements.

E INK HOLDINGS INC.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 26)	$ 23,302,339	100	$ 18,068,580	100
OPERATING COSTS (Notes 11, 19 and 26)	14,643,703	63	15,133,500	84
GROSS PROFIT	8,658,636	37	2,935,080	16
OPERATING EXPENSES (Notes 19 and 26)				
Selling and marketing expenses	464,410	2	355,839	2
General and administrative expenses	1,055,458	5	756,032	4
Research and development expenses	1,222,423	5	1,095,144	6
Total operating expenses	2,742,291	12	2,207,015	12
INCOME FROM OPERATIONS	5,916,345	25	728,065	4
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 19)	28,904	-	1,303	-
Royalty income (Notes 4 and 18)	230,546	1	239,356	2
Dividend income	199,043	1	193,790	1
Other income (Note 26)	109,940	-	50,320	-
Net gain (loss) on disposal of property, plant and equipment	(2,797)	-	3,081	-
Net gain (loss) on foreign currency exchange (Note 30)	220,592	1	(35,416)	-
Share of profit of subsidiaries and associates accounted for using the equity method	4,377,363	19	4,190,633	23
Interest expenses (Note 13)	(99,685)	-	(61,290)	-
Other expenses (Note 26)	(909)	-	(10,854)	-
Total non-operating income and expenses	5,062,997	22	4,570,923	26
INCOME BEFORE INCOME TAX	10,979,342	47	5,298,988	30
INCOME TAX EXPENSE (Notes 4 and 20)	(1,067,592)	(4)	(148,943)	(1)
NET INCOME FOR THE YEAR	9,911,750	43	5,150,045	29

(Continued)

E INK HOLDINGS INC.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 16)	$ (7,632)	-	$ (9,878)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(424,056)	(2)	1,257,409	7
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	1,199,409	5	2,658,550	14
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	(458,536)	(2)	(202,085)	(1)
	309,185	1	3,703,996	20
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	1,606,067	7	(1,337,425)	(7)
Other comprehensive income for the year, net of income tax	1,915,252	8	2,366,571	13
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 11,827,002	51	$ 7,516,616	42
EARNINGS PER SHARE (Note 21)				
Basic	$ 8.69		$ 4.53	
Diluted	$ 8.60		$ 4.52	

The accompanying notes are an integral part of the financial statements. (Concluded)

E INK HOLDINGS INC.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Share Capital			Retained Earnings				Other Equity			
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Treasury Shares	Total
BALANCE AT JANUARY 1, 2021	1,140,468	$ 11,404,677	$ 10,310,536	$ 2,081,731	$ 100,559	$ 6,578,580	$ 8,760,870	$ (1,022,902)	$ 1,165,461	$ (110,032)	$ 30,508,610
Appropriation of 2020 earnings											
Legal reserve	-	-	-	360,122	-	(360,122)	-	-	-	-	-
Special reserve	-	-	-	-	(29,881)	29,881	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,062,779)	(3,062,779)	-	-	-	(3,062,779)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	4,750	-	-	(1,817)	(1,817)	-	-	-	2,933
Other changes in capital surplus	-	-	34	-	-	-	-	-	-	-	34
Net income for the year ended December 31, 2021	-	-	-	-	-	5,150,045	5,150,045	-	-	-	5,150,045
Other comprehensive (loss) income for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(5,980)	(5,980)	(1,337,425)	3,709,976	-	2,366,571
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	5,144,065	5,144,065	(1,337,425)	3,709,976	-	7,516,616
Cancelation of treasury shares	(63)	(630)	(505)	-	-	-	-	-	-	1,135	-
Share-based payments	-	-	93,201	-	-	-	-	-	-	-	93,201
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	159,863	159,863	-	(159,863)	-	-
Treasury shares transferred to employees	-	-	(346)	-	-	-	-	-	-	108,897	108,551
BALANCE AT DECEMBER 31, 2021	1,140,405	11,404,047	10,407,670	2,441,853	70,678	8,487,671	11,000,202	(2,360,327)	4,715,574	-	35,167,166
Appropriation of 2021 earnings											
Legal reserve	-	-	-	530,211	-	(530,211)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,649,295)	(3,649,295)	-	-	-	(3,649,295)
Changes in capital surplus from investments in associates for using the equity method	-	-	239,600	-	-	-	-	2,399	-	-	241,999
Other changes in capital surplus	-	-	7	-	-	-	-	-	-	-	7
Net income for the year ended December 31, 2022	-	-	-	-	-	9,911,750	9,911,750	-	-	-	9,911,750
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	(4,842)	(4,842)	1,606,067	314,027	-	1,915,252
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	9,906,908	9,906,908	1,606,067	314,027	-	11,827,002
Difference between consideration and carrying amount resulting from disposal of subsidiaries	-	-	-	-	-	-	-	(621)	-	-	(621)
Share-based payments	-	-	100,730	-	-	-	-	-	-	-	100,730
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	564,974	564,974	-	(564,974)	-	-
BALANCE AT DECEMBER 31, 2022	1,140,405	$ 11,404,047	$ 10,748,007	$ 2,972,064	$ 70,678	$ 14,780,047	$ 17,822,789	$ (752,482)	$ 4,464,627	$ -	$ 43,686,988

The accompanying notes are an integral part of the financial statements.

E INK HOLDINGS INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 10,979,342	$ 5,298,988
Adjustments for		
Depreciation expenses	380,592	255,378
Amortization expenses	53,897	51,387
Expected credit loss recognized on accounts receivable	-	9,769
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	754	1,068
Interest expenses	99,685	61,290
Interest income	(28,904)	(1,303)
Dividend income	(199,043)	(193,790)
Compensation costs of share-based payments	66,061	26,961
Share of profit of subsidiaries and associates accounted for using the equity method	(4,377,363)	(4,190,633)
Net loss (gain) on disposal of property, plant and equipment	2,797	(3,081)
Net loss on disposal of intangible assets	96	-
Net loss (gain) on disposal of investments	59	(547)
Reversal of (write-downs) inventories	(137,101)	8,975
Net unrealized loss (gain) on foreign currency exchange	154,540	(44,811)
Gain recognized in bargain purchase transaction	(18,712)	-
Gain on lease modifications	(3,901)	(2)
Royalty income	(230,546)	(239,356)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	16,349
Accounts receivable	(1,330,669)	(1,152,985)
Accounts receivable from related parties	2,577,161	(2,255,634)
Inventories	(72,102)	(1,652,832)
Prepayments	(123,838)	(15,561)
Other current assets	(54,373)	6,528
Financial liability held for trading	(1,012)	(14,076)
Contract liabilities	(2,199,900)	2,520,034
Notes and accounts payable	(1,213,046)	1,240,845
Accounts payable to related parties	(1,758,795)	4,023,575
Other payables	642,881	220,604
Receipts in advance	631,479	189,077
Other current liabilities	251,250	(21,629)
Net defined benefit liabilities	(7,514)	(5,156)
Cash generated from operations	4,083,775	4,139,432
Income tax paid	(148,626)	(227,401)
Net cash generated from operating activities	3,935,149	3,912,031

(Continued)

E INK HOLDINGS INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	$ (323,848)	$ (1,884,252)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,105,482	20,354
Acquisition of financial assets at amortized cost	(494,371)	(34,665)
Proceeds from disposal of financial assets at amortized cost	34,665	34,585
Acquisition of financial assets at fair value through profit or loss	(6,725)	(10,497)
Proceeds from sale of financial assets at fair value through profit or loss	-	13,897
Acquisition of long-term equity investment using the equity method	(148,743)	-
Acquisition of subsidiaries	(1,002,512)	-
Acquisition of property, plant and equipment	(1,727,400)	(1,112,370)
Proceeds from disposal of property, plant and equipment	-	3,124
Decrease (increase) in refundable deposits	(5,111)	46,450
Increase in other receivables from related parties	-	(8,993)
Acquisition of other intangible assets	(13,354)	(14,638)
Interest received	26,585	1,281
Dividends received	1,696,859	979,942
Net cash used in investing activities	(858,473)	(1,965,782)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(412,550)	(1,635,350)
Increase (decrease) in short-term bills payable	(3,949,763)	3,599,942
Increase in long-term borrowings	4,303,888	784,340
Repayment of the principal portion of lease liabilities	(28,860)	(23,443)
Increase in other non-current liabilities	634	1
Cash dividends	(3,649,295)	(3,062,779)
Proceeds from treasury shares transferred to employees	-	108,551
Interest paid	(95,683)	(61,986)
Return of overdue uncollected dividends	7	34
Net cash used in financing activities	(3,831,622)	(290,690)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(754,946)	1,655,559
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,420,512	764,953
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,665,566	$ 2,420,512

The accompanying notes are an integral part of the financial statements. (Concluded)

E INK HOLDINGS INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

E Ink Holdings Inc. (the "Company") was incorporated in June 1992 in the Hsinchu Science Park. The Company's shares have been listed on the Taipei Exchange (TPEx) Mainboard since March 30, 2004. The Company mainly researches, develops, manufactures and sells electronic paper display panels.

The financial statements of the Company are presented in New Taiwan dollars, the functional currency of the Company.

2. AUTHORIZATION OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on February 23, 2023.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

1) Amendments to IAS 1 "Disclosure of Accounting Policies"

   The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

   - Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

   - The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

   - Not all accounting policy information relating to material transactions, other events or conditions is itself material.

   The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

   a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

   b) The Company chose the accounting policy from options permitted by the standards;

   c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

   d) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or

   e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 "Definition of Accounting Estimates"

   The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and the Company shall recognize the cumulative effect of initial application in retained earnings at that date. The Company shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

Except for the above impact as of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17-Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net income for the year, other comprehensive income (loss) for the year and total equity in its financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit (loss) of subsidiaries and associates accounted for using the equity method, and the share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method in these financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the standalone financial statements of the Company, transactions in currencies other than the Company’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

For the purposes of presenting the financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries in other countries that use currencies that are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting year; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, finished goods, semi-finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income or loss of the subsidiary. The Company also recognizes the changes in the Company's share of other equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss for the year.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in subsequent years.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized in profit or loss for the year. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income or loss in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full in the financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income or loss of the associate. The Company also recognizes the changes in the Company's share of the equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss for the year.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in equity of associates accounted for using the equity method and investments accounted for using the equity method. If the Company's ownership interest is reduced due to the additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate, the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate is recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Prior to the asset reaching its intended use, it is measured at the lower of cost or net realizable value. Any proceeds from the sale of the asset, as well as its cost, are recognized in the statement of comprehensive income. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual value, and amortization methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (net of amortization or depreciation) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any dividends, interest earned and gains or losses on remeasurement recognized in non-operating income and expenses. Fair value is determined in the manner described in Note 25.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable and other receivables are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and repurchase agreements collateralized by notes with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income or loss and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime Expected Credit Loss (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that a financial asset is in default (without taking into account any collateral held by the Company) when internal or external information shows that the debtor is unlikely to pay its creditors.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income or loss is transferred directly to retained earnings, without reclassifying to profit or loss.

2) Equity instruments

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are carried at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments, including foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, and their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

l. Provisions

Provisions (included in other current liabilities) are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

m. Revenue recognition

The Company identifies the contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Sales of products are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods. Revenue and accounts receivable are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Licensing revenue

If the patented technology licensed by the Company can remain functional without any updates or technical support and the Company is not obliged to undertake activities that will change the functionality of the licensed patented technology, the licensed patented technology has significant stand-alone functionality and the Company recognizes revenue at the point in time at which the license of patented technology transfers. If the Company is obliged to undertake activities that will change the functionality of the licensed patented technology, the licensed patented technology does not have significant stand-alone functionality and the Company recognizes revenue on a straight-line basis over the life of the agreements. Royalty agreements that are based on sales are recognized by reference to the underlying agreements. Royalties receivable that the Company does not have a present right to payment of the royalties is recorded as contract assets and reclassified to accounts receivable after the Company fulfills the remainder of the performance obligation. Proceeds of royalties received but which have not met the conditions of revenue recognition are recorded as contract liabilities, current and non-current, respectively, based on the remaining contract periods.

3) Software licensing revenue

The Company enters into contracts with clients to license its software technology, and continues to provide R&D services for the licensed software technology, which clients can access at any time. The software technology license is separable, and revenue is recognized on a straight-line basis during the licensing period. Upon signing the contract, the client pays an upfront licensing fee, which is non-refundable, and variable licensing fees are calculated based on the actual sales of products utilizing the licensed software technology. Non-current receivables, which do not have a present right to payment, are recorded as contract assets, and transferred to accounts receivable after fulfilling the remaining obligations. For those who have received the software licensing price but have not yet met the relevant income recognition conditions, are recorded as contract liabilities, and further classified into current and non-current according to the contract period.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the year they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the year in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year.

q. Share-based payment arrangements

The fair value at the grant date of share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income.

1) Current tax

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting year and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates. The estimations and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimations are recognized in the period in which the estimations are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 1,375	$ 183
Checking accounts and demand deposits	1,264,191	2,420,329
Cash equivalents (investments with original maturities of less than 3 months)		
Repurchase agreements collateralized by notes	400,000	-
	$ 1,665,566	$ 2,420,512

The market rate intervals of demand deposits and repurchase agreements collateralized by notes at the end of the reporting years were as follows:

	December 31	
	2022	**2021**
Demand deposits	0.16%-0.45%	0.01%-0.2%
Repurchase agreements collateralized by notes	1.10%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	**2021**
Financial assets - current (included in other current assets)		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic Investment - Listed Stocks	$ 7,685	$ -
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	7	710
	$ 7,692	$ 710

At the end of the reporting period, the outstanding foreign exchange forward contract not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2022			
Sell	USD/NTD	2023.02	USD9,000/NTD275,091
December 31, 2021			
Sell	USD/NTD	2022.02	USD6,000/NTD166,080

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
Investments in equity instruments - non-current		
Domestic investments		
Listed shares and emerging market shares	$ 3,564,049	$ 4,769,739

The Company holds the above investments in equity instruments for long-term strategic purposes and expects to gain profit through long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
Current		
Time deposits with original maturities of more than 3 months (a)	$ 445,295	$ -
Pledged time deposits (b)	34,746	34,665
	$ 480,041	$ 34,665

a. The market rate interval for time deposits with original maturities of more than 3 months was 4.18%-5.11% per annum as of December 31, 2022.

b. The market rate ranges for time deposits pledged as security were 0.16%-1.19% and 0.08%-0.82% per annum as of December 31, 2022 and 2021, respectively. Refer to Note 27 for information relating to investments in financial assets at amortized cost pledged as security.

10. ACCOUNTS RECEIVABLE

	December 31 2022	December 31 2021
Accounts receivable	$ 3,105,735	$ 1,800,681
Less: Loss allowance	(890)	(802)
	3,104,845	1,799,879
Accounts receivable from related parties (Note 26)	3,332,494	5,957,472
Less: Loss allowance	(19,057)	(17,177)
	3,313,437	5,940,295
	$ 6,418,282	$ 7,740,174

The Company recognizes impairment loss when there is actual credit loss from individual client. In addition, the Company recognizes impairment loss based on the rate of expected credit loss by reference to past default experience of the debtor, an analysis of the debtor's current financial position, general economic conditions of the industry in which the debtors operate and past due status.

The following table detailed the loss allowance for accounts receivable:

December 31, 2022

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	84%	
Gross carrying amount	$ 5,223,967	$ 1,190,636	$ 23,626	$ 6,438,229
Less: Loss allowance	-	-	(19,947)	(19,947)
Amortized cost	$ 5,223,967	$ 1,190,636	$ 3,679	$ 6,418,282

December 31, 2021

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	74%	
Gross carrying amount	$ 7,639,267	$ 94,701	$ 24,185	$ 7,758,153
Less: Loss allowance	-	-	(17,979)	(17,979)
Amortized cost	$ 7,639,267	$ 94,701	$ 6,206	$ 7,740,174

The movements of the loss allowance were as follows:

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Balance at January 1	$ 17,979	$ 18,563
Effect of foreign currency exchange differences	1,968	(584)
Balance at December 31	$ 19,947	$ 17,979

Accounts receivable of the Company were mainly concentrated in customers A, C, D, E, F and G. The accounts receivable from the foregoing customers, as of December 31, 2022 and 2021, respectively, were as follows:

	December 31	
	2022	2021
Customer A	$ 851,574	$ -
Customer C	726,951	660,781
Customer D	582,603	35,513
Customer F	209,633	189,400
Customer G	148,636	234,796
Customer E	-	472,701
	$ 2,519,397	$ 1,593,191

11. INVENTORIES

	December 31	
	2022	2021
Finished goods	$ 1,092,956	$ 865,068
Semi-finished goods	887,488	339,634
Work in progress	440,108	251,775
Raw materials	1,120,252	1,875,124
	$ 3,540,804	$ 3,331,601

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 included reversals of write-downs of inventories of $137,101 thousand and write-downs of inventories of $(8,975) thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	$ 41,532,390	$ 34,982,640
Investments in associates	158,562	1,093
	$ 41,690,952	$ 34,983,733

a. Investment in subsidiaries

	December 31	
	2022	2021
Unlisted companies		
PVI Global B.V. (originally named PVI Global Limited)	$ 31,050,242	$ 16,233,100
YuanHan Materials Inc.	8,427,740	8,642,719
New Field e-Paper Co., Ltd.	1,644,329	5,497,393
Dream Universe Ltd.	393,099	349,001

(Continued)

	December 31	
	2022	2021
E Ink Japan Inc.	$ 16,980	$ 16,492
E Ink Corporation	-	4,239,021
Tech Smart Logistics Ltd.	-	3,708
Linfiny Corporation (Note 1)	-	1,206
Prime View Communications Ltd. (Note 2)	-	-
	$ 41,532,390	$ 34,982,640

(Concluded)

Note 1: As of December 31, 2022, the investment in Linfiny Corporation was recorded as other non-current liabilities due to the credit balance of $1,273 thousand.

Note 2: As of December 31, 2022 and 2021, the investment in Prime View Communications Ltd. was recorded as other non-current liabilities due to the credit balance of $68,926 thousand and $33,896 thousand, respectively.

	Proportion of Ownership and Voting Rights	
	December 31	
Name of subsidiary	**2022**	**2021**
PVI Global B.V. (originally named PVI Global Limited) (Notes 1 and 3)	100.00%	100.00%
YuanHan Materials Inc.	100.00%	100.00%
New Field e-Paper Co., Ltd.	100.00%	100.00%
Dream Universe Ltd.	100.00%	100.00%
E Ink Japan Inc.	100.00%	100.00%
E Ink Corporation (Note 3)	-	45.31%
Tech Smart Logistics Ltd. (Note 2)	-	0.09%
Linfiny Corporation	4.00%	4.00%
Prime View Communications Ltd.	100.00%	100.00%

Refer to Note 31 for the details of investment in subsidiaries indirectly held by the Company.

Note 1: In June 2021, the Company invested US$9,000 thousand in cash in its subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., through PVI Global B.V. and PVI International Corp.

Note 2: Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.

Note 3: To improve the Group's strategic development and long-term operating strategy, the Company's board of directors approved an adjustment to the organizational structure in November 2021. The Group transferred all its shares of E Ink Corporation to Dream Pacific International B.V., a subsidiary of PVI Global B.V. in February 2022, completed the relocation to the Netherlands, and changed its name in December 2022.

These subsidiaries are included in the consolidated financial statements of the Company as of December 31, 2022 and 2021.

b. Investments in associates

	December 31	
	2022	2021
Associates that are not individually material	$ 158,562	$ 1,093

Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2022	2021
The Company's share of		
Net loss for the year	$ (9,943)	$ (1,013)
Other comprehensive loss	1	(211)
Total comprehensive loss for the year	$ (9,942)	$ (1,224)

In order to strengthen the layout and development of the e-paper ecosystem, the Company participated in the private placement for the ordinary shares of Integrated Solutions Technology, Inc. amounting to $148,743 thousand in November 2022, and jointly acquired 35.24% of its equity with its subsidiary YuanHan Materials Inc. Due to the change in shareholding ratio resulting from the conversion of employee share options as of December 31, 2022, the Company and its subsidiary currently has a combined comprehensive shareholding ratio of 35.19%.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments except for some associates, the other were based on the audited financial statements of subsidiaries and associates for the corresponding year.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost					
Balance at January 1, 2021	$ 1,777,769	$ 4,640,617	$ 1,350,578	$ 164,112	$ 7,933,076
Additions	1,515	34,777	18,805	1,099,321	1,154,418
Disposals	(300,654)	(786,924)	(69,735)	-	(1,157,313)
Reclassifications	4,520	109,979	280,141	(401,436)	(6,796)
Balance at December 31, 2021	$ 1,483,150	$ 3,998,449	$ 1,579,789	$ 861,997	$ 7,923,385
Accumulated depreciation and impairment					
Balance at January 1, 2021	$ 1,161,126	$ 4,442,992	$ 1,014,044	$ -	$ 6,618,162
Depreciation expenses	39,613	54,764	132,134	-	226,511
Disposals	(300,653)	(786,881)	(69,736)	-	(1,157,270)
Balance at December 31, 2021	$ 900,086	$ 3,710,875	$ 1,076,442	$ -	$ 5,687,403
Carrying amount at December 31, 2021	$ 583,064	$ 287,574	$ 503,347	$ 861,997	$ 2,235,982

(Continued)

	Buildings	Machinery	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost					
Balance at January 1, 2022	$ 1,483,150	$ 3,998,449	$ 1,579,789	$ 861,997	$ 7,923,385
Additions	26,247	140,258	18,906	1,522,108	1,707,519
Disposals	(3,880)	(698)	(11,021)	-	(15,599)
Reclassifications	36,391	652,882	296,176	(999,078)	(13,629)
Balance at December 31, 2022	$ 1,541,908	$ 4,790,891	$ 1,883,850	$ 1,385,027	$ 9,601,676
Accumulated depreciation and impairment					
Balance at January 1, 2022	$ 900,086	$ 3,710,875	$ 1,076,442	$ -	$ 5,687,403
Depreciation expenses	44,176	139,503	159,510	-	343,189
Disposals	(1,980)	(698)	(10,124)	-	(12,802)
Balance at December 31, 2022	$ 942,282	$ 3,849,680	$ 1,225,828	$ -	$ 6,017,790
Carrying amount at December 31, 2022	$ 599,626	$ 941,211	$ 658,022	$ 1,385,027	$ 3,583,886

(Concluded)

Information about the capitalized interest is as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized interest	$ 12,647	$ 4,737
Capitalization rate intervals	0.64%-1.59%	0.77%-0.85%

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	33-56 years
Clean rooms and plumbing construction	25-30 years
Others	2-14 years
Machinery	1-11 years
Other equipment	1-26 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amounts		
Land	$ 881,236	$ 793,115
Other equipment	2,150	4,650
	$ 883,386	$ 797,765

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 255,271	$ 11,531
Depreciation of right-of-use assets		
Land	$ 34,903	$ 26,624
Other equipment	2,500	2,243
	$ 37,403	$ 28,867

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amounts		
Current (included in other current liabilities)	$ 32,676	$ 26,462
Non-current	$ 871,393	$ 787,622

Discount rate intervals for lease liabilities are as follows:

	December 31	
	2022	2021
Land	0.56%-4.92%	0.56%-1.56%
Other equipment	0.60%-0.61%	0.60%-0.61%

c. Material lease-in activities and terms

The Company leased certain land in the Hsinchu Science Park from the Hsinchu Science Park Bureau of the Ministry of Science and Technology from July 1, 2014 to December 31, 2033. The rental amount is calculated on the basis of the mutual agreement. The lessor may adjust the rent at any time on the basis of changes in announced land values and related laws and regulations. At the end of the lease terms, the Company has renewal options if the Company does not violate the lease agreements during the rental period.

The Company also leased land which is located at Taoyuan for the use of plants and offices, with lease terms ranging from 5 to 20 years, and the lease payments will be adjusted every year on the basis of changes in assessed current land values; the Company has the right to purchase the land during the lease term.

The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, without the lessors' consent, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets, changing their use, or using illegally.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 4,281	$ 5,864
Total cash outflow for leases	$ 49,889	$ 42,030

The Company leases other equipment which qualifies as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Unsecured borrowings	$ 1,430,000	$ 1,840,200
Secured borrowings (Note 31)	370,000	370,000
	$ 1,800,000	$ 2,210,200
Foreign currency included		
USD (in thousands)	$ -	$ 15,000
Interest rate intervals	0.82%-1.80%	0.69%-0.96%

Refer to Table 2 for secured borrowings endorsed and guaranteed by the subsidiaries Hydis Technologies Co., Ltd. for the Company.

b. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	$ 350,000	$ 4,300,000
Less: Discounts on bills payable	(165)	(402)
	$ 349,835	$ 4,299,598
Interest rate intervals	1.32%-1.63%	0.38%-0.66%

As of December 31, 2022 and 2021, commercial papers include a syndicated loan agreement with syndicate of banks, and the total amounts were $0 and $3,400,000 thousand, respectively. Refer to c. long-term borrowings.

c. Long-term borrowings

	December 31	
	2022	2021
Syndicated loans	$ 4,141,228	$ 459,340
Unsecured borrowings	1,010,000	388,000
Less: Current portion	(150,000)	-
	$ 5,001,228	$ 847,340
Interest rate intervals	1.18%-1.80%	0.65%-1.00%

Long-term unsecured borrowings will expire in December 2026, and interests are repaid on a monthly basis.

To enrich medium-term working capital, the Company entered into a syndicated loan agreement with syndicate of seven banks led by Mega International Commercial Bank Co., Ltd. on December 15, 2020, and the total credit facility is $6,800,000 thousand. The duration period is within 5 years from the first drawdown date (August 2021). As of December 31, 2022, and December 31, 2021, the drawdowns were as follows:

	Currency (In Thousands)	December 31 2022	December 31 2021
Short-term borrowings	USD	$ -	$ -
Commercial paper	NTD	$ -	$ 3,400,000
Long-term borrowings	USD	$ -	$ 17,000
	NTD	$ 4,150,000	$ -

During the credit period, the Company's financial statements should be reviewed on a semi-annual basis, where the consolidated current ratio shall not be less than 100%, debt ratio shall not exceed 200%, interest coverage ratio shall not be less than 5 times, and tangible net worth shall not be less than $15,000,000 thousand. The Group should meet certain financial ratios based on the audited consolidated annual financial statements and reviewed consolidated financial statements for the second quarter.

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 162,436	$ 159,847
Fair value of plan assets	(72,282)	(69,811)
Net defined benefit liabilities	$ 90,154	$ 90,036

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 153,141	$ (67,827)	$ 85,314
Service cost			
Current service cost	1,672	-	1,672
Past service cost	157	-	157
Net interest expense (income)	766	(348)	418
Recognized in profit or loss	2,595	(348)	2,247
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(862)	(862)
Actuarial (gain) loss			
Changes in demographic assumptions	7,082	-	7,082
Changes in financial assumptions	-	-	-
Experience adjustments	3,658	-	3,658
Recognized in other comprehensive income (loss)	10,740	(862)	9,878
Contributions from the employer	-	(7,403)	(7,403)
Benefits paid	(6,629)	6,629	-
Balance at December 31, 2021	159,847	(69,811)	90,036
Service cost			
Current service cost	333	-	333
Net interest expense (income)	799	(369)	430
Recognized in profit or loss	1,132	(369)	763
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,428)	(5,428)
Actuarial (gain) loss			
Changes in demographic assumptions	1,512	-	1,512
Changes in financial assumptions	(2,533)	-	(2,533)
Experience adjustments	14,081	-	14,081

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Recognized in other comprehensive income (loss)	$ 13,060	$ (5,428)	$ 7,632
Contributions from the employer	-	(8,277)	(8,277)
Benefits paid	(11,603)	11,603	-
Balance at December 31, 2022	$ 162,436	$ (72,282)	$ 90,154

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rates	1.375%	0.50%
Expected rates of salary increase	3.50%	2.75%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	2021
Discount rates		
0.25% increase	$ (4,185)	$ (4,348)
0.25% decrease	$ 4,352	$ 4,528
Expected rates of salary increase		
0.25% increase	$ 4,189	$ 4,355
0.25% decrease	$ (4,052)	$ (4,206)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plans for the next year	$ 8,505	$ 8,092
Average duration of the defined benefit obligation	11.2 years	11.9 years

17. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	2,000,000	2,000,000
Amount of shares authorized	$ 20,000,000	$ 20,000,000
Number of shares issued and fully paid (in thousands)	1,140,405	1,140,405
Amount of shares issued	$ 11,404,047	$ 11,404,047

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)		
Issuance of shares	$ 9,531,318	$ 9,531,866
Conversion of bonds	525,200	525,200
Treasury share transactions	260,084	260,084
Expired employee share options	57,448	57,448
May only be used to offset a deficit		
Changes in percentage of ownership interests in associates (2)	249,093	8,945
Unclaimed dividends extinguished by prescription	81	74
May not be used for any purpose		
Employee share options	124,783	24,053
	$ 10,748,007	$ 10,407,670

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company’s capital surplus and once a year).

2) Such capital surplus arises from the effect of changes in ownership interest in associates resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of associates accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with at least 50% of any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to Note 19.

The Company's Articles of Incorporation also stipulate a dividends policy that allows previous accumulated undistributed earnings to be distributed. The distribution of dividends to shareholders is allowed to be in cash or by the issuance of shares. In principle, cash dividends should be at least 10% of the total dividends distributed.

The shareholders of the Company held their regular meeting on June 18, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation. The amendments explicitly stipulate that the board of directors are authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should been submitted in the shareholder's meeting.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficits and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 issued by the FSC (Rule No. 1090150022 issued by the FSC was adopted in the appropriations of earnings since 2021) and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	**2020**
Legal reserve	$ 530,211	$ 360,122
Reversal of special reserve	$ -	$ 29,881
Cash dividends	$ 3,649,295	$ 3,062,779
Dividends per share (NT$)	$ 3.2	$ 2.7

The above 2021 appropriation for cash dividends had been resolved by the Company's board of directors on March 11, 2022; the other proposed appropriations had been resolved by the shareholders in their meeting on June 22, 2022. The appropriations of earnings for 2020 were approved in the shareholders' meeting on July 7, 2021.

The appropriations of earnings for 2022 were proposed by the Company's board of directors on February 23, 2023. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2022
Legal reserve	$ 1,047,188
Cash dividends	$ 5,131,821
Dividends per share (NT$)	$ 4.5

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 29, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 70,678	$ 100,559
Reversals		
Reversal of the debits to other equity items	-	(29,881)
Balance at December 31	$ 70,678	$ 70,678

If a special reserve of $70,678 thousand appropriated on the first-time adoption of IFRSs relates to the exchange differences on translating the financial statements of foreign operations, the special reserve will be reversed proportionately on the Company's disposal of the foreign operations; on the Company's loss of significant influence; however, the entire special reserve will be reversed. An additional special reserve should be appropriated for the amount equal to the difference between the net debit balance of the reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and may thereafter be distributed.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (2,360,327)	$ (1,022,902)
Recognized for the year		
Share from subsidiaries and associates accounted for using the equity method	1,606,067	(1,337,425)
Disposal of subsidiaries	(621)	-
Reclassification adjustment		
Changes in associates accounted for using the equity method	2,399	-
Balance at December 31	$ (752,482)	$ (2,360,327)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 4,715,574	$ 1,165,461
Recognized for the year		
Unrealized gain (loss) on equity instruments	(424,056)	1,257,409
Share from subsidiaries and associates accounted for using the equity method	738,083	2,452,567
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal		
The Company	(392,281)	(19,378)
Share from subsidiaries and associates accounted for using the equity method	(172,693)	(140,485)
Balance at December 31	$ 4,464,627	$ 4,715,574

f. Treasury shares

	For the Year Ended December 31	
	2022	**2021**
Number of shares (in thousands) at January 1	-	6,105
Transferred to employees	-	(6,042)
Cancelation of treasury shares	-	(63)
Number of shares (in thousands) at December 31	-	-

The board of directors of the Company resolved to repurchase 20,000 thousand shares of treasury shares on June 13, 2016, which was completed in August 2016, for the purpose of transferring to employees. Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' right on these shares, such as the rights to dividends and to vote.

In June 2021, the Company transferred 6,042 thousand shares to its employees and charged the price of employee stock warrants which were exercised. The cost of treasury shares $108,897 thousand had been decreased. The date to deliver the shares to employees was July 2021. Under the Securities and Exchange Act, those shares not transferred before the due date are considered as unissued shares of the Company subject to processing of the registration of the changes. On August 6, 2021, the board of directors resolved to cancel 63 thousand restricted stock, and the amount of the capital reduction was $630 thousand. The measurement date was on August 6, 2021. The capital reduction process was completed on August 20, 2021.

18. REVENUE

a. Revenue from contracts with customers

Type of Revenue/Category by Product	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Revenue from sale of goods		
Internet of Things applications	$ 15,902,675	$ 6,179,675
Consumer electronics	6,283,940	11,858,174
Others	1,115,724	30,731
	$ 23,302,339	$ 18,068,580
Royalty income	$ 230,546	$ 239,356

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (Note 10)	$ 3,104,845	$ 1,799,879	$ 652,362
Accounts receivable - related party (Note 10)	$ 3,313,437	$ 5,940,295	$ 3,641,276
Contract liabilities - current			
Royalty	$ 79,171	$ 80,580	$ 89,416
Sale of goods	110,679	2,539,716	219,602
	189,850	2,620,296	309,018
Contract liabilities - non-current			
Royalty	-	-	30,600
	$ 189,850	$ 2,620,296	$ 339,618

The changes in the balances of contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment. Revenue recognized for the year from the beginning balance of the contract liabilities is as follows:

Type of Revenue	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Royalty income	$ 80,580	$ 89,416
Revenue from sale of goods	2,539,716	219,602
	$ 2,620,296	$ 309,018

19. NET INCOME

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 25,637	$ 1,165
Others	3,267	138
	$ 28,904	$ 1,303

b. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 343,189	$ 226,511
Other intangible assets	53,897	51,387
Right-of-use assets	37,403	28,867
	$ 434,489	$ 306,765
An analysis of depreciation by function		
Operating costs	$ 218,685	$ 106,756
Operating expenses	161,907	148,622
	$ 380,592	$ 255,378
An analysis of amortization by function		
Operating costs	$ 52	$ 4
Operating expenses	53,845	51,383
	$ 53,897	$ 51,387

c. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits (Note 16)		
Defined contribution plans	$ 57,859	$ 49,649
Defined benefit plans	763	2,247
	58,622	51,896
Share-based payments		
Equity-settled	66,061	26,961
Other employee benefits	2,174,685	1,482,754
Total employee benefits expense	$ 2,299,368	$ 1,561,611
An analysis of employee benefits expense by function		
Operating costs	$ 687,360	$ 331,127
Operating expenses	1,612,008	1,230,484
	$ 2,299,368	$ 1,561,611

d. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues employees' compensation at the rates of no less than 1% as well as remuneration of directors at the rates of no higher than 1%, respectively, of net income before income tax, employees' compensation and remuneration of directors, net of accumulated deficit, if any. The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on February 23, 2023 and March 11, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Employees' compensation	$ 111,550	$ 53,800
Remuneration of directors	$ 40,000	$ 25,000

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

20. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 1,374,192	$ 222,646
Income tax on unappropriated earnings	56,130	-
Adjustments for the prior years	(88,883)	(38,043)
	1,341,439	184,603
Deferred tax		
In respect of the current year	(280,291)	(35,660)
Adjustments for the prior years	6,444	-
	(273,847)	(35,660)
Income tax expense recognized in profit or loss	$ 1,067,592	$ 148,943

A reconciliation of accounting profit and income tax expense were as follows:

	For the Year Ended December 31	
	2022	2021
Income before income tax	$ 10,979,342	$ 5,298,988
Income tax expense calculated at the statutory rate	$ 2,195,868	$ 1,059,798
Nondeductible expenses in determining taxable income	9,267	4,106
Tax-exempt income	(1,111,234)	(876,994)
Income tax on unappropriated earnings	56,130	-
Unrecognized deductible temporary differences	-	76
Adjustments for the prior years	(82,439)	(38,043)
Income tax expense recognized in profit or loss	$ 1,067,592	$ 148,943

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current year		
Remeasurement on defined benefit plan	$ 1,526	$ 1,976
Share of the other comprehensive income (loss) of subsidiaries and associates	(460,062)	(204,061)
	$ (458,536)	$ (202,085)

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	$ 1,436,470	$ 243,657

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities (included in other non-current liabilities) were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary differences				
Inventories	$ 204,885	$ 20,000	$ -	$ 224,885
Accounts receivable	29,892	143,104	-	172,996
Property, plant and equipment	16,070	(2,231)	-	13,839
Prepayments	17,639	-	-	17,639
Defined benefit plans	22,652	-	1,526	24,178
Deferred revenue	78,265	126,207	-	204,472
Others	26,757	(7,108)	-	19,649
	$ 396,160	$ 279,972	$ 1,526	$ 677,658
Deferred tax liabilities				
Temporary differences				
Other	$ 8,922	$ 6,125	$ -	$ 15,047

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary differences				
Inventories	$ 197,601	$ 7,284	$ -	$ 204,885
Accounts receivable	36,908	(7,016)	-	29,892
Property, plant and equipment	18,357	(2,287)	-	16,070
Prepayments	17,639	-	-	17,639
Defined benefit plans	20,676	-	1,976	22,652
Deferred revenue	40,413	37,852	-	78,265
Others	22,191	4,566	-	26,757
	$ 353,785	$ 40,399	$ 1,976	$ 396,160
Deferred tax liabilities				
Temporary differences				
Other	$ 4,183	$ 4,739	$ -	$ 8,922

e. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2022 and 2021, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were $18,688,491 thousand and $14,784,537 thousand, respectively.

f. Income tax assessments

The income tax returns of the Company through 2020 have been assessed by the tax authorities.

21. EARNINGS PER SHARE

	For the Year Ended December 31	
	2022	**2021**
Basic earnings per share (NT$)	$ 8.69	$ 4.53
Diluted earnings per share (NT$)	$ 8.60	$ 4.52

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

	For the Year Ended December 31	
	2022	**2021**
Net income for the year	$ 9,911,750	$ 5,150,045

Number of Shares

	For the Year Ended December 31	
	2022	**2021**
Weighted average number of ordinary shares (in thousands) used in the computation of basic earnings per share	1,140,405	1,137,384
Effect of potentially dilutive ordinary shares (in thousands)		
Employees' compensation	770	507
Share-based payment arrangements	11,509	2,387
Weighted average number of ordinary shares (in thousands) used in the computation of diluted earnings per share	1,152,684	1,140,278

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

22. SHARE-BASED PAYMENT ARRANGEMENTS

a. Treasury shares transferred to employees

The board of directors resolved on May 7, 2021 and August 14, 2018 to transfer treasury shares of 1,431 thousand shares and 5,885 thousand shares, respectively, to qualified employees of the Company and its subsidiaries. In compliance with the Company's Regulations Governing Share Repurchase and Transfer to Employees, the transfer price for each arrangement is the average of the actual acquisition price of the treasury shares.

Information about treasury shares transferred to employees is as follows:

For the year ended December 31, 2021

Grant Date	Transferable Shares in Thousands	Shares in Thousands Transferred for the Year	Accumulated Shares in Thousands Transferred	Expired Shares in Thousands	Shares in Thousands at December 31
May 7, 2021	1,431	1,368	1,368	63	-
August 14, 2018	5,885	4,674	4,714	1,171	-

Treasury shares transferred to employees in 2021 and 2018 were priced using a Black-Scholes pricing model. Compensation cost recognized was $12,533 thousand for the year ended. The inputs to the models were as follows:

	May 2021	August 2018
Grant date share price (NT$)	$61.40	$36.85
Exercise price (NT$)	$18.02	$18.02
Expected volatility	40.30%	53.23%
Expected life	0-1 year	0-1 year
Expected dividend yield	3.77%	2.46%
Risk-free interest rate	0.76%	0.91%
Weighted-average fair value of options granted (NT$)	$42.90	$18.80

b. Employee share options plan

To attract and retain the professional talents needed by the Company, improve the employees' cohesion and sense of belonging to the Company, and jointly create the interests of the Company and shareholders, the board of directors of the Company resolved to issue 10,000 units of employee share options in May 2021 and December 2020, totaling 20,000 units. Each option entitles the holder to subscribe to 1,000 ordinary shares. The eligible participants in share options are the full-time employees of the Company and subsidiaries. The duration of the share options is 6 years that will expire on August 10, 2027.

Information about employee share options issued was as follows:

Share Options Grant Period	Percentage Exercisable (%) (Cumulative)
Over 2 years	40
Over 3 years	70
Over 4 years	100

Employee Share Options	For the Year Ended December 31			
	2022		2021	
	Unit	Weighted Average Exercise Price (NT$)	Unit	Weighted Average Exercise Price (NT$)
Balance at January 1	19,895	$ 69-77.2	-	$ -
Options granted	-	-	20,000	69-77.2
Options forfeited	(370)		(105)	
Balance at December 31	19,525		19,895	

The inputs to the models were as follows:

	August 2021	October 2021
Grant date share price (NT$)	$77.2	$69
Exercise price (NT$)	$77.2	$69
Expected volatility	40.50-43.77%	40.28-42.73%
Expected life	2-4 years	2-4 years
Expected dividend yield	3.77%	3.77%
Risk-free interest rate	0.760-0.765%	0.760-0.765%
Weighted-average fair value of options granted (NT$)	$14.7-19.8	$13.2-17.2

Compensation costs recognized were $66,061 thousand and $14,428 thousand for the year ended December 31, 2022 and 2021, respectively.

23. NON-CASH TRANSACTIONS

For the years ended December 31, 2022 and 2021, the Company entered into the following non-cash investing activities:

	For the Year Ended December 31	
	2022	2021
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	$ 1,707,519	$ 1,154,418
Decrease (increase) in payables for construction and equipment (included in other payables)	19,881	(42,048)
Net cash paid	$ 1,727,400	$ 1,112,370

24. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged in the future.

The Company's risk management committee reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on the committee's recommendations, the Company expects to balance its capital structure through the payment of dividends, the issue of new shares and private ordinary shares or the payment of old debt.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets				
Foreign exchange forward contracts	$ -	$ 7	$ -	$ 7
Non-derivative financial assets				
Domestic listed stocks	7,685	-	-	7,685
	$ 7,685	$ 7	$ -	$ 7,692
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ 3,564,049	$ -	$ -	$ 3,564,049

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets				
Foreign exchange forward contracts	$ -	$ 710	$ -	$ 710
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ 4,769,739	$ -	$ -	$ 4,769,739

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Derivatives - foreign exchange forward contracts were evaluated by to the discounted cash flow method. Future cash flows are estimated based on observable forward exchange rates and contracted exchange rates at the end of year, discounted at a rate that reflects the credit risk of each counterparties.

b. Categories of financial instruments

	December 31	
	2022	**2021**
Financial assets		
FVTPL	$ 7,692	$ 710
Amortized cost (Note 1)	8,641,789	10,215,477
Equity instruments at FVTOCI	3,564,049	4,769,739
Financial liabilities		
Amortized cost (Note 2)	15,246,257	17,602,773

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties) (included in other current assets).

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable (including related parties), other payables (including related parties) and long-term borrowings (including due within one year).

c. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, accounts receivable, notes and accounts payable, borrowings and lease liabilities. The Company's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency risk, interest rate risk and other price risk.

There have been no changes to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company had foreign-currency-denominated sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy by utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign-currency-denominated monetary assets and monetary liabilities at the end of the reporting years are set out in Note 30.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar (USD).

The following details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (NTD) against USD. The sensitivity analysis included only outstanding foreign-currency-denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. For a 1% strengthening of NTD against USD, pre-tax income for the years ended December 31, 2022 and 2021 would increase by $10,644 thousand and $4,025 thousand, respectively. For a 1% weakening of NTD against USD, there would be an equal and opposite impact on pre-tax income.

b) Interest rate risk

The carrying amount of the Company's financial assets, financial liabilities and lease liabilities with exposure to interest rates at the end of the reporting years were as follows:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 880,041	$ 34,665
Financial liabilities	$ 7,301,063	$ 7,357,138
Lease liabilities	$ 904,069	$ 814,084
Cash flow interest rate risk		
Financial assets	$ 1,264,191	$ 2,420,329

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting years. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting years was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The effective interest rates of floating rate financial assets will change when the market rates change, which will result in fluctuations in future cash flows.

If interest rates had been 50 basis points higher, the Company's pre-tax cash inflows for the years ended December 31, 2022 and 2021 would increase $6,321 thousand and $12,102 thousand, respectively, which was attributable to the Company's floating rate on its financial assets and if interest rates had been 50 basis points lower, there would be an equal and opposite impact on pre-tax cash flows.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, and the Company does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to price risk of equity securities at the end of the reporting years.

If the price in equity securities had been 5% higher/lower, the income before income tax for the year ended December 31, 2022 would has increased/decreased by $384 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income or loss before income tax for the years ended December 31, 2022 and 2021 would have increased/decreased by $178,202 thousand and $238,487 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

Changes in the Company's sensitivity to investments in equity securities mainly resulted from the increased investment in equity securities.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting years, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets;

b) The amount of contingent liabilities in relation to financial guarantees issued by the Company.

The Company adopted a policy of only dealing with creditworthy counterparties, evaluated potential customers through an internal credit rating system and set the credit limit of customers to grasp the credit status of the counterparties and effectively control the credit exposure.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company's unutilized bank borrowing facilities were $12,632,410 thousand and $9,724,348 thousand, respectively.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay, including principal and estimated interest. Therefore, bank borrowings with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Lease liabilities	$ 4,900	$ 9,101	$ 40,875	$ 214,304	$ 948,534
Fixed interest rate liabilities	1,827,505	333,126	159,962	6,041,268	-
	$ 1,832,405	$ 342,227	$ 200,837	$ 6,255,572	$ 948,534

Additional information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 54,876	$ 214,304	$ 215,719	$ 230,993	$ 238,228	$ 263,594

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Lease liabilities	$ 3,249	$ 6,498	$ 29,130	$ 131,165	$ 858,675
Fixed interest rate liabilities	5,832,398	691,030	5,669	862,407	-
	$ 5,835,647	$ 697,528	$ 34,799	$ 993,572	$ 858,675

Additional information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 38,877	$ 131,165	$ 160,808	$ 160,808	$ 160,808	$ 376,251

26. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related party Category
YuanHan Materials Inc.	Subsidiary
New Field e-Paper Co., Ltd.	Subsidiary
Linfiny Corporation	Subsidiary
Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary
Transyork Technology Yangzhou Ltd.	Subsidiary
Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary
PVI Global B.V. (originally named PVI Global Limited)	Subsidiary
Prime View Communications Ltd.	Subsidiary
Hydis Technologies Co., Ltd.	Subsidiary
E Ink Japan Inc.	Subsidiary
E Ink Corporation	Subsidiary
E Ink California, LLC	Subsidiary
Dream Pacific International B.V. (originally named Dream Pacific International Limited)	Subsidiary
Johnson Lee	Key management personnel

(Continued)

Related Party Name	Related party Category
YFY Inc.	Investor with significant influence over the Company
Liverbricks Inc.	Subsidiary of investor with significant influence over the Company
YFY Corporate Advisory & Services Co., Ltd.	Subsidiary of investor with significant influence over the Company
Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Company
YFY Packaging Inc.	Subsidiary of investor with significant influence over the Company
Chung Hwa Pulp Corporation	Subsidiary of investor with significant influence over the Company
China Color Printing Co., Ltd.	Subsidiary of investor with significant influence over the Company
Arizon RFID Technology (Hong Kong) Co., Ltd.	Subsidiary of investor with significant influence over the Company
Sustainable Carbohydrate Innovation Co., Ltd.	Subsidiary of investor with significant influence over the Company
TGKW Management Limited	Substantive related party
Hsin Yi Enterprise Co., Ltd.	Substantive related party
Yuen Foong Paper Co., Ltd.	Substantive related party
Foongtone Technology Co., Ltd.	Substantive related party
Shen's Art Printing Co., Ltd.	Substantive related party
SinoPac Securities Corp.	Substantive related party
Plastic Logic HK Limited	Associate
PL Germany GmbH	Associate
NTX Electronics Yangzhou Co., Ltd.	Associate
Yuen Foong Yu Biotech Co., Ltd.	Associate
Nuclera Nucleics Corporation	Associate
Integrated Solutions Technology, Inc.	Associate

(Concluded)

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Subsidiary		
Prime View Communications Ltd.	$ 767,710	$ 3,992,846
YuanHan Materials Inc.	237,884	1,944,678
Others	1,056,357	35,995
	2,061,951	5,973,519
Associate	44,817	25,872
	$ 2,106,768	$ 5,999,391

The sales price and collection terms were based on the agreements with the related parties.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2022	2021
Subsidiary		
E Ink Corporation	$ 3,548,908	$ 5,727,661
Transcend Optronics (Yangzhou) Co., Ltd.	2,358,050	1,533,252
Others	1,209,713	721,671
	7,116,671	7,982,584
Associate	816,207	699,539
Others	1,445	2,416
	$ 7,934,323	$ 8,684,539

The purchase price and payment terms were based on the agreements with the related parties.

d. Manufacturing cost (included in operating costs)

Related Party Category	For the Year Ended December 31 2022	2021
Subsidiary	$ 1,678,830	$ 2,033,599

e. Operating expenses

Related Party Category	For the Year Ended December 31 2022	2021
Subsidiary	$ 139,024	$ 223,181
Substantive related party	15,399	18,178
Associate	10,909	12,166
Subsidiary of investor with significant influence over the Company	2,795	1,885
	$ 168,127	$ 255,410

f. Non-operating income - other income

Related Party Category	For the Year Ended December 31 2022	2021
Subsidiary	$ 40,652	$ 7,457
Subsidiary of investor with significant influence over the Company	17	-
	$ 40,669	$ 7,457

g. Receivables from related parties

Line Items	Related Party Category/Name	December 31 2022	December 31 2021
Accounts receivable from related parties	Subsidiary		
	Transcend Optronics (Yangzhou) Co., Ltd.	$ 2,584,910	$ 3,848,410
	Prime View Communications Ltd.	3,377	1,495,949
	Others	620,834	527,177
		3,209,121	5,871,536
	Associate	123,373	85,936
	Less: Loss allowance	(19,057)	(17,177)
		104,316	68,759
		$ 3,313,437	$ 5,940,295
Other receivables (include in other current assets)	Subsidiary	$ 35,233	$ 709
	Associate	10,749	9,688
	Less: Loss allowance	(9,769)	(9,769)
	Effects of foreign currency exchange differences	(980)	81
		$ 35,233	$ 709

The outstanding receivables from related parties were unsecured.

h. Payables to related parties

Line Items	Related Party Category/Name	December 31 2022	December 31 2021
Accounts payable to related parties	Subsidiary		
	Transcend Optronics (Yangzhou) Co., Ltd.	$ 4,125,081	$ 5,003,624
	E Ink Corporation	764,959	1,626,053
	Others	162,897	154,766
		5,052,937	6,784,443
	Associate	22,071	5,112
	Subsidiary of investor with significant influence over the Company	3,549	829
	Other related parties	-	55
		$ 5,078,557	$ 6,790,439
Other payables to related parties (included in other payables)	Subsidiary	$ 4,280	$ 15,860
	Investor with significant influence over the Company	5,320	54
	Others	421	565
		$ 10,021	$ 16,479

The outstanding payables to related parties were unsecured.

i. Receipts in advance

Related Party Category/Name	December 31 2022	2021
Subsidiary - Transcend Optronics (Yangzhou) Co., Ltd.	$ 1,018,818	$ 387,339

j. Refundable deposits (included in other non-current assets)

Related Party Category	December 31 2022	2021
Subsidiary of investor with significant influence over the Group	$ 3,129	$ -

k. Acquisition of property, plant and equipment

	Purchase Price	
	For the Year Ended December 31	
Related Party Category	2022	2021
Subsidiary	$ 1,065	$ 22,302

l. Construction in process and prepayments for equipment (included in property, plant and equipment)

Related Party Category	December 31 2022	2021
Subsidiary of investor with significant influence over the Group	$ 8,218	$ -

m. Lease arrangements

The Company leased land from a subsidiary of an investor with significant influence over the Company in August 2022. The lease term is 20 years. The related amounts were as follows:

Related Party Category/Name	For the Year Ended December 31 2022	2021
Acquisition of right-of-use assets		
Subsidiary of investor with significant influence over the Group	$ 252,607	$ -

Line Item	December 31 2022	2021
Lease liabilities		
Current (included in other current liabilities)	$ 3,384	$ -
Non-current	247,320	-
	$ 250,704	$ -

Line Item	For the Year Ended December 31 2022	2021
Interest expenses	$ 4,631	$ -

The lease contract between the Company and the related party were determined by reference to the market conditions and payment terms that were similar to those with the third parties.

n. Guarantee deposits received (included in other non-current liabilities)

Related Party Category	December 31 2022	December 31 2021
Others	$ 3	$ 3
Key management personnel	-	1,050
	$ 3	$ 1,053

o. Endorsements and guarantees provided by related parties

Related Party Category/Name	December 31 2022	December 31 2021
Subsidiary		
YuanHan Materials Inc.	$ 1,850,000	$ 2,350,000
E Ink Corporation	1,013,430	1,162,560
Linfiny Corporation	250,000	350,000
New Field e-Paper Co., Ltd.	200,000	200,000
	$ 3,313,430	$ 4,062,560

p. Compensation of key management personnel

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Short-term employee benefits	$ 154,209	$ 127,164
Post-employment benefits	1,523	1,328
Share-based payments	18,417	9,329
	$ 174,149	$ 137,821

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

27. ASSETS PLEDGED AS COLLATERAL

The time deposits (included in financial assets measured at amortized cost) amounted to $34,746 thousand and $34,665 thousand as of December 31, 2022 and 2021, respectively, were provided as collateral for lease deposits of plants and land and tariff guarantee for imported inventories.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unused letters of credit of the Company for purchase of machinery amounted to $360,600 thousand and $190,572 thousand as of December 31, 2022 and 2021, respectively.

b. Guaranteed notes issued for long-term and short-term borrowings and lines of credit for derivative instrument trading were $19,008,690 thousand and $10,560,000 thousand as of December 31, 2022 and 2021, respectively.

c. Guaranteed notes issued for syndicated loans were both $6,800,000 thousand as of December 31, 2022 and 2021.

d. To expand production capacity for operational needs, in May 2021, the board of directors of the Company resolved the project to construct new Hsinchu factory office building and multi-storey parking lot. The additional budget was approved by the board of directors on August 5, 2022, the total amount of the construction is estimated at NT$2.643 billion. As of December 31, 2022, the progress of implementation was approximately 23%.

e. On August 5, 2022, the board of directors of the Company resolved to construct new factory office buildings in Guanyin Dist., Taoyuan on a leasehold basis, the total amount of the construction is expected at NT$3.305 billion.

29. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, global consumption patterns have changed. The trend of the contactless economy has continued to accelerate the digital transformation of the retail industry, driving the increase for electronic shelf labels. As a result, the Company has committed to promote and expand the electronic paper industry. The increase in operating revenue and gross profit from January to December 2022 was higher than the same period in 2021. The Company will continuously assess the impact of the pandemic on the Company's operations.

Based on the information available as of the balance sheet date, the Company considered the economic implications of the epidemic when making its critical accounting estimates, refer to Note 5 for the details.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 249,268	30.71	$ 7,655,020
Non-monetary items			
Investments accounted for using the equity method			
USD	1,023,880	30.71	31,443,341
Foreign currency liabilities			
Monetary items			
USD	214,607	30.71	6,590,581

December 31, 2021

		Foreign Currency	Exchange Rate		Carrying Amount
Foreign currency assets					
Monetary items					
USD	$	351,716	27.68	$	9,735,488
Non-monetary items					
Investments accounted for using the equity method					
USD		654,148	27.68		18,106,821
Foreign currency liabilities					
Monetary items					
USD		366,257	27.68		10,137,993

The Company's net realized and unrealized gains (losses) on foreign currency exchange were $220,592 thousand and $(35,416) thousand for the years ended December 31, 2022 and 2021, respectively. It is impractical to disclose net gain or loss on foreign currency exchange by each significant foreign currency due to the variety of the foreign currency transactions and the functional currency.

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investment in subsidiaries and associates) (Table 3)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 4)

5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (Table 5)

6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 7)

9) Trading in derivative instruments (Note 7)

b. Information on investees (Table 8)

c. Information on investments in mainland China (Table 9)

   1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income and limit on the amount of investment in the mainland China area.

   2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

      a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

      b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

      c) The amount of property transactions and the amount of the resultant gains or losses.

      d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

      e) The highest balance, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds.

      f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 11)

32. SEGMENT INFORMATION

The Company has disclosed related segment information in accordance with IFRS 8 in the consolidated financial statements.

TABLE 1

E INK HOLDINGS INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance (Note 1)	Ending Balance (Note 1)	Amount Actually Drawn (Note 1)	Interest Rate Intervals (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	E INK Holdings Inc.	YuanHan Materials Inc.	Other receivables	Yes	$ 1,000,000	$ 1,000,000	$ -	1	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 4,368,699	$ 17,474,795
1	Hydis Technologies Co., Ltd.	YuanHan Materials Inc.	Other receivables	Yes	1,610,750 (US$ 50,000 thousand)	-	-	1.13	Short-term financing	-	Working capital	-	-	-	4,419,808 (KRW 179,886,384 thousand)	4,419,808 (KRW 179,886,384 thousand)
2	YuanHan Materials Inc.	New Field e-Paper Co., Ltd.	Other receivables	Yes	515,505	-	-	1.2	Short-term financing	-	Working capital	-	-	-	849,075	3,396,299
3	PVI Global B.V. (originally named PVI Global Limited)	New Field e-Paper Co., Ltd.	Other receivables	Yes	257,720 (US$ 8,000 thousand)	-	-	1	Short-term financing	-	Working capital	-	-	-	3,105,027 (US$ 101,108 thousand)	12,420,107 (US$ 404,432 thousand)
		YuanHan Materials Inc.	Other receivables	Yes	614,200 (US$ 20,000 thousand)	614,200 (US$ 20,000 thousand)	614,200 (US$ 20,000 thousand)	4.2	Short-term financing	-	Working capital	-	-	-	3,105,027 (US$ 101,108 thousand)	12,420,107 (US$ 404,432 thousand)
		Dream Pacific International B.V. (originally named Dream Pacific International Limited)	Other receivables	Yes	55,278 (US$ 1,800 thousand)	55,278 (US$ 1,800 thousand)	55,278 (US$ 1,800 thousand)	1.2-4.2	Short-term financing	-	Working capital	-	-	-	3,105,027 (US$ 101,108 thousand)	12,420,107 (US$ 404,432 thousand)
4	Tech Smart Logistics Ltd. (Note 3)	YuanHan Materials Inc.	Other receivables	Yes	451,010 (US$ 14,000 thousand)	-	-	1.2	Short-term financing	-	Working capital	-	-	-	-	-
5	New Field e-Paper Co., Ltd.	YuanHan Materials Inc.	Other receivables	Yes	161,075 (US$ 5,000 thousand)	153,550 (US$ 5,000 thousand)	153,550 (US$ 5,000 thousand)	2	Short-term financing	-	Working capital	-	-	-	164,433	657,732
		Prime View Communications Ltd.	Other receivables	Yes	128,860 (US$ 4,000 thousand)	122,840 (US$ 4,000 thousand)	122,840 (US$ 4,000 thousand)	4.2	Short-term financing	-	Working capital	-	-	-	164,433	657,732

Note 1: The amounts are translated at the exchange rate of US$1=NT$30.71, and KRW1=NT$0.02457 on December 31, 2022, except the maximum balance that is translated at the highest exchange rate at the end of each month for the year.

Note 2: The aggregate and individual financing limits of Hydis Technologies Co., Ltd. shall not exceed 40% of the financing company's net equity per its latest financial statements. The aggregate and individual financing limits of YuanHan Materials Inc., PVI Global B.V. (originally named PVI Global Limited), Tech Smart Logistics Ltd. and New Field e-Paper Co., Ltd. shall not exceed 40% and 10%, respectively, of the financing company's net equity per its latest financial statements.

Note 3: Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.

E INK HOLDINGS INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Endorsed/Guaranteed Party		Limit on Endorsement/ Guarantee Amount Provided to Each Endorsed/ Guaranteed Party (Note 1)	Maximum Balance for the Year (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn (Note 2)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiary	Endorsement/ Guarantee to Subsidiary in Mainland China
		Name	Relationship										
0	E Ink Holdings Inc.	E Ink Corporation	Subsidiary	$ 10,921,747	$ 1,353,030 (US$ 42,000 thousand)	$ 1,013,430 (US$ 33,000 thousand)	$ -	$ -	2.32	$ 43,686,988	Yes	No	No
		YuanHan Materials Inc.	Subsidiary	10,921,747	2,750,000	1,850,000	820,000	-	4.23	43,686,988	Yes	No	No
		New Field e-Paper Co., Ltd.	Subsidiary	10,921,747	200,000	200,000	-	-	0.46	43,686,988	Yes	No	No
		Linfiny Corporation	Subsidiary	10,921,747	350,000	250,000	85,000	-	0.57	43,686,988	Yes	No	No
1	Hydis Technologies Co., Ltd.	E Ink Holdings Inc.	Parent company	2,762,380 (KRW 112,428,990 thousand)	644,300 (US$ 20,000 thousand)	614,200 (US$ 20,000 thousand)	370,000	-	5.56	11,049,521 (KRW 449,715,959 thousand)	No	Yes	No

Note 1: The amount shall not exceed 25% of the net equity of the Company and the subsidiary, Hydis Technologies Co., Ltd.

Note 2: The amounts are translated at the exchange rate of US$1=NT$30.71, and KRW1=NT$0.02457 on December 31, 2022, except the maximum balance is translated at the highest exchange rate of the end of each month for the year.

Note 3: The amount shall not exceed the net equity of the Company and the subsidiary, Hydis Technologies Co., Ltd.

E INK HOLDINGS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
E Ink Holdings Inc.	Ordinary shares							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	120,717,685	$ 2,022,021	1.06	$ 2,022,021	
	YFY Inc.	Investor with significant influence over the Company	Financial assets at FVTOCI	7,814,000	191,052	0.47	191,052	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Company	Financial assets at FVTOCI	336,002	11,743	0.13	11,743	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	668,470	14,505	0.01	14,505	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	8,394,750	254,781	0.06	254,781	
	Getac Technology Corporation	-	Financial assets at FVTOCI	175,000	7,726	0.03	7,726	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	6,344,386	213,489	0.09	213,489	
	Asia Electronic Material Co., Ltd.	-	Financial assets at FVTOCI	2,406,000	35,489	2.45	35,489	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI	4,497,000	185,276	2.15	185,276	
	LITE-ON Technology	-	Financial assets at FVTOCI	1,474,000	94,041	0.06	94,042	
	IGNIS INNOVATION INC.	-	Financial assets at FVTPL - non-current	387,597	-	0.18	-	
	Cathay Financial Holding Co., Ltd.	-	Financial assets at FVTPL - non-current	192,130	7,685	-	7,685	
	Preferred shares							
	Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	4,675,000	282,370	0.03	282,370	
	Cathay Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	2,354,000	133,237	0.02	133,237	
	Taishin Financial Holding Co., Ltd. (E)	-	Financial assets at FVTOCI	2,293,000	118,319	0.02	118,318	
	Convertible preferred shares							
	MICAREO INC.	-	Financial assets at FVTPL - non-current	6,000,000	-	14.69	-	
New Field e-Paper Co., Ltd.	Ordinary shares							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	22,248,280	372,659	0.20	372,659	
	Jetbest Corporation	-	Financial assets at FVTOCI	278,000	6,992	0.85	6,992	
	Ventec International Group Co., Ltd.	-	Financial assets at FVTOCI	68,000	5,120	0.10	5,120	
	Wistron Corporation	-	Financial assets at FVTOCI	1,544,000	45,394	0.05	45,394	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	1,814,881	61,071	0.02	61,071	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI	1,520,000	62,624	0.73	62,624	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YuanHan Materials Inc.	Ordinary shares							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	217,012,972	$ 3,634,967	1.90	$ 3,634,967	
	YFY Inc.	Investor with significant influence over the parent company	Financial assets at FVTOCI	16,000	391	-	391	
	Netronix Inc.	-	Financial assets at FVTOCI	5,309,198	337,134	6.40	337,134	
	SES-imagotag	-	Financial assets at FVTOCI	866,666	3,459,592	5.47	3,459,592	
	Fitipower Integrated Technology Inc.	-	Financial assets at FVTOCI	1,490,626	172,167	0.80	172,167	
	Formolight Technologies, Inc.	-	Financial assets at FVTOCI	2,227,500	12,077	10.93	12,077	
	Echem Solutions Corp.	-	Financial assets at FVTOCI	742,820	142,621	0.92	142,621	
	Ecrowd Media Inc.	-	Financial assets at FVTOCI	1,309,701	11,091	6.46	11,091	
	Mega Financial Holding Company Ltd.	-	Financial assets at FVTOCI	4,766,250	144,656	0.03	144,656	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	136,990	2,973	-	2,973	
	Daxin Materials Corporation	-	Financial assets at FVTOCI	1,138,000	73,970	1.11	73,970	
	Getac Technology Corporation	-	Financial assets at FVTOCI	4,197,000	185,298	0.70	185,298	
	Zenitron Corporation.	-	Financial assets at FVTOCI	4,249,000	123,009	1.95	123,009	
	Ushine Photonics Corporation	-	Financial assets at FVTOCI	3,596,602	179,650	13.89	179,650	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	3,450,474	116,108	0.05	116,108	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the parent company	Financial assets at FVTOCI	688	24	-	24	
	Preferred shares							
	Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	4,684,000	282,914	0.03	282,914	
	Convertible preferred shares							
	SigmaSense, LLC	-	Financial assets at FVTPL - non-current	72,916	77,142	1.61	77,142	
	Straight corporate bonds							
	FS KKR Capital Corp	-	Financial assets at FVTOCI	2,000,000	59,770	-	59,770	
	Nomura Holdings Inc.	-	Financial assets at FVTOCI	1,950,000	49,565	-	49,565	
	Swiss Re Group	-	Financial assets at FVTOCI	3,000,000	87,754	-	87,754	
	Mutual funds							
	Blackstone REITS	-	Financial assets at FVTPL - non-current	4,430	185,232	-	185,232	
	Millennium		Financial assets at FVTPL - non-current	1,941,407	66,246	-	66,246	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Transcend Optronics (Yangzhou) Co., Ltd.	<u>Ordinary shares</u>							
	Dke Co., Ltd.	-	Financial assets at FVTOCI	1,255,500	RMB 19,072 thousand	2.73	RMB 19,072 thousand	
	Hanshow Technology Corporation	-	Financial assets at FVTOCI	2,880,000	RMB 68,112 thousand	0.76	RMB 68,112 thousand	
	Agricultural Bank of China Limited	-	Financial assets at FVTOCI	4,943,000	RMB 14,384 thousand	-	RMB 14,384 thousand	
	Industrial and Commercial Bank of China Limited	-	Financial assets at FVTOCI	3,180,000	RMB 13,801 thousand	-	RMB 13,801 thousand	
	China Construction Bank Corporation	-	Financial assets at FVTOCI	2,490,996	RMB 14,024 thousand	-	RMB 14,024 thousand	
	Bank of China Limited	-	Financial assets at FVTOCI	4,630,000	RMB 14,631 thousand	-	RMB 14,631 thousand	
Hydis Technologies Co., Ltd.	<u>Ordinary shares</u>							
	Solum Co., Ltd.	-	Financial assets at FVTOCI	840,990	KRW 14,633,226 thousand	1.68	KRW 14,633,226 thousand	
	Hana Financial Group Inc.	-	Financial assets at FVTOCI	455,121	KRW 19,137,838 thousand	0.16	KRW 19,137,838 thousand	
	KT&G Corporation	-	Financial assets at FVTOCI	290,618	KRW 26,591,547 thousand	0.24	KRW 26,591,547 thousand	
	LG Uplus Corp	-	Financial assets at FVTOCI	664,380	KRW 7,341,399 thousand	0.15	KRW 7,341,399 thousand	
	Samsung Card Co., Ltd.	-	Financial assets at FVTOCI	275,805	KRW 8,150,038 thousand	0.26	KRW 8,150,038 thousand	
	<u>Mutual funds</u>							
	Term Liquidity Fund	-	Financial assets at FVTPL - non-current	95,558	KRW 13,302,929 thousand	-	KRW 13,302,929 thousand	
	<u>Perpetual bonds</u>							
	JP Morgan Chase & Co.	-	Financial assets at FVTPL - current	29,800,000	KRW 37,236,822 thousand	-	KRW 37,236,822 thousand	
	BARCLAYS	-	Financial assets at FVTPL - current	8,900,000	KRW 10,993,612 thousand	-	KRW 10,993,612 thousand	
	CITI	-	Financial assets at FVTPL - current	8,890,000	KRW 11,069,824 thousand	-	KRW 11,069,824 thousand	
	JP Morgan Chase & Co.	-	Financial assets at FVTPL - non-current	18,700,000	KRW 21,162,769 thousand	-	KRW 21,162,769 thousand	
	Bank of America Corporation	-	Financial assets at FVTPL - non-current	37,900,000	KRW 41,762,668 thousand	-	KRW 41,762,668 thousand	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Straight corporate bonds							
	NOMURA HOLDINGS, INC.	-	Financial assets at FVTOCI	16,000,000	KRW 16,933,156 thousand	-	KRW 16,933,156 thousand	
	BARCLAYS	-	Financial assets at FVTOCI	8,490,000	KRW 9,975,083 thousand	-	KRW 9,975,083 thousand	
	Standard Chartered PLC	-	Financial assets at FVTOCI	8,800,000	KRW 10,651,712 thousand	-	KRW 10,651,712 thousand	
	Swiss Re Group	-	Financial assets at FVTOCI	3,950,000	KRW 4,775,997 thousand	-	KRW 4,775,997 thousand	
	Fubon hyundai life	-	Financial assets at amortized cost - non-current	2,200,000	KRW 21,973,768 thousand	-	KRW 21,973,768 thousand	
	Hanwha General Insurance	-	Financial assets at amortized cost - non-current	300,000	KRW 2,998,113 thousand	-	KRW 2,998,113 thousand	

Note: Refer to Tables 8 and 9 for information on investments in subsidiaries and associates.

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustments	Ending Balance	
					Units	Amount	Units	Amount	Units	Prices	Carrying Amount	Gain on Disposal		Units	Amount
E Ink Holdings Inc.	Ordinary shares Ultra Chip, Inc.	Financial assets at FVTOCI - current	SinoPac Securities Corporation	-	2,603,676	$ 663,937	-	$ -	2,603,676	$ 441,762	$ 25,401	$ 416,361 (Note 9)	$ (638,536) (Note 3)	-	$ -
Tech Smart Logistics Ltd. (Note 10)	Ordinary shares E Ink Corporation (Notes 1 and 5)	Investment accounted for using the equity method	New Field e-Paper Co., Ltd. and E Ink Holdings Inc.	Same ultimate parent company and parent company	954	US$ 133,017 thousand	-	-	954	US$ 133,048 thousand	US$ 133,043 thousand	US$ 5 thousand (Note 2)	US$ 26 thousand (Note 4)	-	-
New Field e-Paper Co., Ltd.	Ordinary shares E Ink Corporation (Notes 1 and 6)	Investment accounted for using the equity method	Tech Smart Logistics Ltd. and E Ink Holdings Inc.	Same ultimate parent company and parent company	294	1,205,001	953	3,977,796	1,247	4,908,393	5,183,013	(274,620) (Note 2)	216 (Note 4)	-	-
E Ink Holdings Inc.	Ordinary shares E Ink Corporation (Notes 1 and 7)	Investment accounted for using the equity method	Tech Smart Logistics Ltd., New Field e-Paper Co., Ltd. and PVI Global B.V. (originally named PVI Global Limited)	Subsidiary	1,034	4,239,021	1,248	5,187,186	2,282	9,149,622	9,426,966	(277,344) (Note 2)	759 (Note 4)	-	-
PVI Global B.V. (originally named PVI Global Limited)	Ordinary shares E Ink Corporation (Notes 1, 7 and 8)	Investment accounted for using the equity method	E Ink Holdings Inc. and Dream Pacific International Limited	Parent company and subsidiary	-	-	2,282	US$ 329,123 thousand	2,282	US$ 329,123 thousand	US$ 329,123 thousand	-	-	-	-
Dream Pacific International B.V. (originally named Dream Pacific International Limited)	Ordinary shares E Ink Corporation (Notes 1 and 8)	Investment accounted for using the equity method	PVI Global B.V. (originally named PVI Global Limited)	Parent company	-	-	2,282	US$ 329,123 thousand	-	-	-	-	US$ 9,536 thousand (Note 4)	2,282	US$ 344,778 thousand
Transcend Optronics (Yangzhou) Co., Ltd.	Principal guaranteed wealth investment products Principal guaranteed with floating profit structured deposits	Financial assets at FVTPL - current	Bank of Jiansu	-	-	-	-	RMB 70,000 thousand	-	RMB 70,510 thousand	RMB 70,000 thousand	RMB 510 thousand	-	-	-

Note 1: To improve the Group's strategic development and long-term operating strategy, the Company's board of directors approved an adjustment to the organizational structure in November 2021. The Group transferred all shares of E Ink Corporation to Dream Pacific International B.V. (originally named Dream Pacific International Limited) in February 2022, refer to Note 14.

Note 2: These amounts were recognized in capital surplus.

Note 3: Recognized in unrealized gain (loss) on financial assets at FVTOCI.

Note 4: These amounts included exchange differences on translating the financial statements of foreign operations and the share of gain or loss of associates accounted for using the equity method.

Note 5: Sold 953 shares and 1 share to New Field e-Paper Co., Ltd. and E Ink Holdings Inc., respectively.

Note 6: New Field e-Paper Co., Ltd. returned the shares of E Ink Corporation originally held by itself and acquired from Tech Smart Logistics Ltd. to E Ink Holdings Inc. by way of selling of the shares and reduction of capital.

Note 7: E Ink Holdings Inc. participated in the capital increase of PVI Global B.V. (originally named PVI Global Limited) with US$329,123 thousand (NT$9,149,622 thousand) by using the shares of E Ink Corporation originally held by itself, acquired from Tech Smart Logistics Ltd. and New Field e-Paper Co. (including shares obtained by reduction way of capital).

Note 8: PVI Global B.V. (originally named PVI Global Limited) participated in the capital increase of Dream Pacific International B.V. (originally named Dream Pacific International Limited) with US$329,123 thousand (NT$9,149,622 thousand) by using the shares of E Ink Corporation which were acquired from E Ink Holdings Inc.

Note 9: Disposal of investments in equity instruments designated as at FVTOCI transferred to cumulative gain of retained earnings.

Note 10: Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.

E INK HOLDINGS INC. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
E Ink Corporation	Land and buildings	November 30, 2022	US$ 22,400	Fully paid up	Tech Park I and II Limited Partnership	Unrelated parties	-	-	-	$ -	Refer to market conditions and real estate valuation reports	Used as the groups R&D headquarters	-

E INK HOLDINGS INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)	
E Ink Holdings Inc.	Prime View Communications Ltd.	Subsidiary	Sale	$ (767,710)	(3)	By agreements	$ -	-	$ 3,377	-	
	E Ink Corporation	Subsidiary	Purchase	3,548,908	29	By agreements	-	-	(764,959)	(15)	
	YuanHan Materials Inc.	Subsidiary	Sale	(237,884)	(1)	By agreements	-	-	59,243	2	
	YuanHan Materials Inc.	Subsidiary	Purchase	1,209,310	10	By agreements	-	-	(75,308)	(1)	
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Purchase	2,358,050	19	By agreements	-	-	(4,125,081)	(81)	
	Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	Sale	(1,015,198)	(4)	By agreements	-		553,917	17	
	NTX Electronics Yangzhou Co., Ltd.	Associate	Purchase	807,129	7	By agreements	-	-	-	-	
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	Sale	(1,209,310)	(57)	By agreements	-	-	75,308	97	
	E Ink Holdings Inc.	Parent company	Purchase	237,884	15	By agreements	-	-	(59,243)	(100)	
Prime View Communications Ltd.	E Ink Holdings Inc.	Parent company	Purchase	767,710	100	By agreements	-	-	(3,377)	(100)	
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Sale	(2,358,050)	(68)	By agreements	-	-	4,125,081	100	
	Rich Optronics (Yangzhou) Co., Ltd.	Same ultimate parent company	Purchase	749,005	5	By agreements	-	-	(164,689)	(4)	
Rich Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Purchase	1,015,198	60	By agreements	-		(553,917)	(100)	
	Transcend Optronics (Yangzhou) Co., Ltd.	Same ultimate parent company	Sale	(749,005)	(40)	By agreements	-	-	164,689	99	
E Ink Corporation	E Ink Holdings Inc.	Parent company	Sale	(3,548,908)	(99)	By agreements	-	-	764,959	97	
	E Ink California, LLC	Subsidiary	Purchase	705,841	17	By agreements	-	-	(406,194)	(99)	
E Ink California, LLC	E Ink Corporation	Parent company	Sale	(705,841)	(100)	By agreements	-	-	406,194	100	

Note: The calculation is based on each company's receivables from (payables to) related parties.

E INK HOLDINGS INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (Times)	Overdue		Amount Received in Subsequent Year	Allowance for Impairment Loss
					Amount	Actions Taken		
E Ink Holdings Inc.	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	$ 2,584,910	(Note)	$ 125,687	Collected	$ 985,171	$ -
	Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	553,917	3.67	180,029	Collected	180,029	-
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	4,125,081	(Note)	384,727	Collected	2,088,974	-
Rich Optronics (Yangzhou) Co., Ltd.	Transcend Optronics (Yangzhou) Co., Ltd.	Same ultimate parent company	164,689	9.10	-	-	99,412	-
E Ink Corporation	E Ink Holdings Inc.	Parent company	764,959	2.97	188,066	Collected	275,144	-
E Ink California, LLC	E Ink Corporation	Parent company	406,194	1.98	167,012	In the process of collection	53,879	-

Note: Other receivables from materials delivered to subcontractors.

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount December 31, 2022	Original Investment Amount December 31, 2021	Balance as of December 31, 2022 Shares (In Thousands)	Balance as of December 31, 2022 Percentage of Ownership (%)	Balance as of December 31, 2022 Carrying Amount	Net Income (Loss) of Investee	Share of Profit (Loss) of Investee	Note
E Ink Holdings Inc.	PVI Global B.V. (originally named PVI Global Limited)	Eindhoven	Investment	$ 12,510,056	$ 3,360,434	108,413,176	100.00	$ 31,050,242	$ 3,896,419	$ 3,896,419	
	New Field e-Paper Co., Ltd.	Taoyuan, Taiwan	Investment	2,488,349	6,394,455	177,217,132	100.00	1,644,329	31,568	31,568	
	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	-	4,911,303	-	-	-	256,483	7	
	YuanHan Materials Inc.	Taipei, Taiwan	Research, development and sale of electronic parts and electronic ink	6,420,230	6,420,230	183,819,268	100.00	8,427,740	529,398	485,667	
	Dream Universe Ltd.	Mauritius	Trading	128,710	128,710	4,050,000	100.00	393,099	5,898	5,898	
	Prime View Communications Ltd.	Hong Kong	Trading	18,988	18,988	3,570,000	100.00	(68,926)	(30,167)	(30,167)	
	Enttek Co., Ltd.	Taichung, Taiwan	Manufacture and sale of consumer audio-visual systems	34,547	34,547	2,203,161	47.07	-	-	-	Under liquidation
	Tech Smart Logistics Ltd.	British Virgin Islands	Trading	-	49,267	-	-	-	2,990	3	(Note)
	Linfiny Corporation	Taoyuan, Taiwan	Research and development of electronic ink	16,800	16,800	1,680,000	4.00	(1,273)	(16,071)	(2,462)	
	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	6,597	6,597	223,655	2.40	-	(16,620)	(1,105)	
	E Ink Japan Inc.	Tokyo, Japan	Development of electronic ink products	15,065	15,065	200	100.00	16,980	373	373	
	Integrated Solutions Technology, Inc.	Taipei, Taiwan	Technical services and trading business of integrated circuits and electronic circuit application design, etc.	148,743	-	9,896,402	26.20	158,562	(33,729)	(8,838)	
New Field e-Paper Co., Ltd.	Tech Smart Logistics Ltd.	British Virgin Islands	Trading	-	4,865,850	-	-	-	2,990	2,987	(Note)
	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	-	1,618,500	-	-	-	256,483	2	
YuanHan Materials Inc.	Linfiny Corporation	Taoyuan, Taiwan	Research and development of electronic ink	323,400	323,400	32,340,000	77.00	10,525	(16,071)	(12,375)	
	Yuen Foong Yu Biotech Co., Ltd.	Taipei, Taiwan	Cultivation, processing and sale of agriculture and restaurant management	36,000	36,000	3,600,000	36.00	-	(30,267)	(10,896)	
	Kyoritsu Optronics Co., Ltd.	Taipei, Taiwan	Technology development, transfer and licensing of flat panels	18,860	18,860	1,050,000	25.65	-	-	-	
	Nuclera Nucleics Ltd.	Cambridge, UK	Protein, gene synthesis and digital microfluidics	306,491	-	461,365	6.24	295,186	(259,959)	(3,053)	
	Integrated Solutions Technology, Inc.	Taipei, Taiwan	Technical services and trading business of integrated circuits and electronic circuit application design, etc.	51,027	-	3,395,000	8.99	54,395	(33,729)	(3,032)	
Linfiny Corporattion	Linfiny Japan Inc.	Tokyo, Japan	Research and development of electronic ink	11,088	11,088	4,000	100.00	24,820	2,180	2,180	
E Ink Corporation	E Ink California, LLC	California, USA	Research, development and sale of electronic ink	US$ 29,100 thousand	US$ 29,100 thousand	27,400,000	100.00	US$ 33,606 thousand	US$ 2,223 thousand	US$ 176 thousand	
	Nuclera Nucleics Ltd.	Cambridge, UK	Protein, gene synthesis and digital microfluidics	US$ 25,691 thousand	US$ 25,691 thousand	1,107,094	14.98	US$ 27,057 thousand	US$ (8,722) thousand	US$ (1,038) thousand	
Tech Smart Logistics Ltd.	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	-	US$ 152,875 thousand	-	-	-	US$ 8,559 thousand	-	
PVI Global B.V. (originally named PVI Global Limited)	PVI International Corp.	Eindhoven	Trading	US$ 169,300 thousand	US$ 169,300 thousand	169,300,000	100.00	US$ 252,803 thousand	US$ 83,275 thousand	US$ 83,275 thousand	
	Dream Pacific International B.V. (originally named Dream Pacific International Limited)	British Virgin Islands	Investment	US$ 330,123 thousand	US$ 1,000 thousand	26,000,000	100.00	US$ 684,930 thousand	US$ 38,655 thousand	US$ 38,655 thousand	
	Ruby Lustre Ltd.	British Virgin Islands	Investment	US$ 30,000 thousand	US$ 30,000 thousand	30,000,000	100.00	US$ 32,774 thousand	US$ 6,934 thousand	US$ 6,934 thousand	
	North Diamond International Co., Ltd.	British Virgin Islands	Investment	US$ 1,750 thousand	US$ 1,750 thousand	1,750,000	35.00	-	-	-	
	Rock Pearl International Corp.	British Virgin Islands	Investment	US$ 1,540 thousand	US$ 1,540 thousand	1,540,000	35.00	-	-	-	
Dream Pacific International B.V. (originally named Dream Pacific International Limited)	Hydis Technologies Co., Ltd.	South Korea	Research, development and licensing of monitors	US$ 27,612 thousand	US$ 27,612 thousand	3,783,265	94.73	US$ 340,813 thousand	US$ 25,460 thousand	US$ 25,237 thousand	
	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	US$ 329,123 thousand	-	2,282	100.00	US$ 344,778 thousand	US$ 8,559 thousand	US$ 8,559 thousand	
Hydis Technologies Co., Ltd.	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	KRW 2,942,500 thousand	KRW 2,942,500 thousand	2,500,000	26.79	-	KRW (714,911) thousand	KRW (525,756) thousand	

Note: Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Business and Product	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 1)	Net Income (Loss) of Investee (Note 2)	Direct or Indirect Percentage of Ownership (%)	Share of Profit (Loss) of Investee (Notes 2 and 3)	Carrying Amount as of December 31, 2022 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Transcend Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	$ 5,751,983 (US$ 187,300 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	$ 3,619,020 (US$ 117,845 thousand)	$ -	$ -	$ 3,619,020 (US$ 117,845 thousand)	$ 2,512,085 (US$ 84,284 thousand)	100.00	$ 2,482,011 (US$ 83,275 thousand)	$ 7,756,885 (US$ 252,585 thousand)	$ -
Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	921,300 (US$ 30,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	921,300 (US$ 30,000 thousand)	-	-	921,300 (US$ 30,000 thousand)	206,668 (US$ 6,934 thousand)	100.00	206,668 (US$ 6,934 thousand)	1,006,490 (US$ 32,774 thousand)	-
Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	1,134,151 (US$ 36,931 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	51,920 (US$ 1,742 thousand)	100.00	51,920 (US$ 1,742 thousand)	874,836 (US$ 28,487 thousand)	-
Yangzhou Huaxia Integrated O/E System Co., Ltd. (Liquidated)	Manufacture and sale of LED products	-	The Company indirectly owns the investee through an investment company registered in a third region	42,687 (US$ 1,390 thousand)	-	-	42,687 (US$ 1,390 thousand)	-	100.00	-	-	-
Dihao Electronics (Yangzhou) Co., Ltd. (under liquidation)	Assembly of LCD backlight board display modules	153,550 (US$ 5,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	53,743 (US$ 1,750 thousand)	-	-	53,743 (US$ 1,750 thousand)	-	35.00	-	-	-
NTX Electronics Yangzhou Co., Ltd.	Manufacture and sale of flat panels	176,378 (RMB 40,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	27,454 (RMB 6,260 thousand)	49.00	13,452 (RMB 3,068 thousand)	116,866 (RMB 26,504 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 4,636,750 (US$ 150,985 thousand)	$ 9,585,666 (US$ 312,135 thousand)	$ 31,306,640

(Continued)

Note 1: The amounts are translated at the exchange rate of US$1=NT$30.71 and RMB1=NT$4.40944 on December 31, 2022.

Note 2: The amounts are translated at the average exchange rate of US$1=NT$29.805 and RMB1=NT$4.43474 for the year ended December 31, 2022.

Note 3: The carrying amount and related investment income or loss were calculated based on the unaudited financial statements of the corresponding period, except for Transcend Optronics (Yangzhou) Co., Ltd., Rich Optronics (Yangzhou) Co., Ltd. and Transyork Technology Yangzhou Ltd.

Note 4: Refer to Tables 6, 7 and 10, for information on the prices, payment terms and unrealized profit or loss of significant transactions with investee companies in mainland China.

(Concluded)

TABLE 10

E INK HOLDINGS INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No	Company Name	Related Party	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	E Ink Holdings Inc.	Prime View Communications Ltd.	Subsidiary	Sales revenue	$ 767,710	By agreements	2.6
		E Ink Corporation	Subsidiary	Accounts payable to related parties	764,959	By agreements	1.2
		E Ink Corporation	Subsidiary	Cost of goods sold	3,548,908	By agreements	11.8
		YuanHan Materials Inc.	Subsidiary	Cost of goods sold	1,209,310	By agreements	4.0
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts receivable from related parties	2,584,910	By agreements	4.0
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts payable to related parties	4,125,081	By agreements	6.3
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Cost of goods sold	2,358,050	By agreements	7.8
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Manufacturing expenses	1,149,048	By agreements	3.8
		Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	Sales revenue	1,015,198	By agreements	3.4
		Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts receivable from related parties	553,917	By agreements	0.8
1	YuanHan Materials Inc.	PVI Global B.V.	Same ultimate parent company	Other payable from related parties	614,988	By agreements	0.9
2	Transcend Optronics (Yangzhou) Co., Ltd.	Rich Optronics (Yangzhou) Co., Ltd.	Same ultimate parent company	Cost of goods sold	749,005	By agreements	2.5
3	E Ink California, LLC	E Ink Corporation	Parent Company	Sales revenue	705,841	By agreements	2.3

Note: Transactions amounts of $500 million or more are disclosed in this table.

E INK HOLDINGS INC.

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
YFY Inc.	133,472,904	11.70
S.C. Ho	80,434,300	7.05

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

E INK HOLDINGS INC.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

E INK HOLDINGS INC.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Period	Rate	Amount
Cash on hand (Note)			$ 1,375
Cash in banks			
Checking accounts			147
Demand deposits (Note)		0.16%-0.45%	1,264,044
			1,264,191
Cash equivalents			
Repurchase agreement collateralized by notes	2022.12-2023.01	1.10%	400,000
			$ 1,665,566

Note: Including US$27,138 thousand and JPY358,547 thousand, which are translated at the exchange rate of US$1=NT$30.71 and JPY1=NT$0.2324, respectively.

E INK HOLDINGS INC.

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	$ 851,574
Client C	726,951
Client D	582,603
Client F	209,633
Client G	148,636
Others (Note)	586,338
	3,105,735
Less: Loss allowance	(890)
	$ 3,104,845

Note: The amount of individual client included in others does not exceed 5% of the account balance.

STATEMENT 3

E INK HOLDINGS INC.

STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Finished goods	$ 1,295,369	$ 2,029,689
Semi-finished goods	947,564	938,614
Work in progress	450,844	546,435
Raw materials	1,572,732	2,228,723
	4,266,509	$ 5,743,461
Less: Allowance for write-downs of inventories (Note)	725,705	
	$ 3,540,804	

Note: Including allowance for obsolete inventories.

E INK HOLDINGS INC.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FVTOCI - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Except Unit Price)

	Balance, January 1, 2022		Increase in 2022		Decrease in 2022 (Note 2)		Unrealized Gain (Loss) on Financial Assets	Fair Value on December 31, 2022 (Note 3)			
Type and Name of Marketable Securities	Shares	Amount	Shares	Amount	Shares	Amount	(Note 1)	Shares	Percentage of Ownership (%)	Unit Price (NT$)	Amount
Ordinary Shares											
SinoPac Financial Holding Company Limited	119,522,461	$ 1,930,288	1,195,224	$ -	-	$ -	$ 91,733	120,717,685	1.06	$ 16.75	$ 2,022,021
YFY Inc.	7,814,000	277,788	-	-	-	-	(86,736)	7,814,000	0.47	24.45	191,052
Ultra Chip, Inc.	2,603,676	663,937	-	-	(2,603,676)	(441,762)	(222,175)	-	-	-	-
Yuen Fong Yu Consumer Products Co., Ltd.	336,002	16,867	-	-	-	-	(5,124)	336,002	0.13	34.95	11,743
Mega Financial Holding Company Limited	8,190,000	291,155	204,750	-	-	-	(36,374)	8,394,750	0.06	30.35	254,781
Yuanta Financial Holding Company Limited	12,175,000	308,027	19,470	-	(11,526,000)	(291,102)	(2,420)	668,470	0.01	21.70	14,505
WISTRON Corporation	9,296,000	270,978	-	-	(9,296,000)	(256,154)	(14,824)	-	-	-	-
Getac Technology Corporation	2,674,000	148,942	-	-	(2,499,000)	(116,464)	(24,752)	175,000	0.03	44.15	7,726
Taiwan Cement Corporation	5,768,000	276,864	576,386	-	-	-	(63,375)	6,344,386	0.09	33.65	213,489
Fubon Financial Holding Company Limited (a)	4,675,000	295,460	-	-	-	-	(13,090)	4,675,000	0.03	60.40	282,370
Cathay Financial Holding Company Limited (a)	2,354,000	148,067	-	-	-	-	(14,830)	2,354,000	0.02	56.60	133,237
Taishin Financial Holding Company Limited (e)	2,293,000	121,758	-	-	-	-	(3,440)	2,293,000	0.02	51.60	118,318
Asia Electronic Material Co., Ltd.	351,000	8,161	2,055,000	36,501	-	-	(9,173)	2,406,000	2.45	14.75	35,489
Taiflex Scientific Co., Ltd.	241,000	11,447	4,256,000	190,265	-	-	(16,436)	4,497,000	2.15	41.20	185,276
LITE-ON Technology	-	-	1,474,000	97,082	-	-	(3,040)	1,474,000	0.06	63.80	94,042
		$ 4,769,739		$ 323,848		$ (1,105,482)	$ (424,056)				$ 3,564,049

Note 1: Included in unrealized gain (loss) on financial assets at FVTOCI.

Note 2: Including in unrealized gain/loss on financial assets at FVTOCI transferred to retained earnings due to disposal was $392,281 thousand.

Note 3: Calculated based on the closing price on December 31, 2022.

E INK HOLDINGS INC.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2022		Increase in 2022 (Notes 1 and 2)		Decrease in 2022 (Notes 1 and 3)		Share of Profit (Loss) of Subsidiaries Accounted for Using the Equity Method (Note 5)	Equity Adjustments (Note 6)	Balance, December 31, 2022		
Investee Company	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Percentage of Ownership (%)	Amount
Investment in subsidiaries											
PVI Global B.V. (originally named PVI Global Limited)	108,413,176	$ 16,233,100	-	$ 9,149,622	-	$ -	$ 3,896,419	$ 1,771,101	108,413,176	100.00	$ 31,050,242
YuanHan Materials Inc.	183,819,268	8,642,719	-	-	-	(1,497,815)	485,667	797,169	183,819,268	100.00	8,427,740
New Field e-Paper Co., Ltd.	671,032,318	5,497,393	-	-	(493,815,186)	(3,906,106)	31,568	21,474	177,217,132	100.00	1,644,329
E Ink Corporation	1,034	4,239,021	-	-	(1,034)	(4,245,816)	7	6,788	-		-
Dream Universe Ltd.	4,050,000	349,001	-	-	-	-	5,898	38,200	4,050,000	100.00	393,099
E Ink Japan Inc.	200	16,492	-	-	-	-	373	115	200	100.00	16,980
Tech Smart Logistics Ltd. (liquidation)	1,550,000	3,708	-	-	(1,550,000)	(4,009)	3	298	-		-
Entte K Co., Ltd. (under liquidation)	2,203,161	-	-	-	-	-	-	-	2,203,161	47.07	-
		34,981,434		9,149,622		(9,653,746)	4,419,935	2,635,145			41,532,390
Investment in associate											
Plastic Logic HK Limited	223,655	1,093	-	-	-	-	(1,105)	12	223,655	2.40	-
Integrated Solutions Technology, Inc.	-	-	9,896,402	167,455	-	-	(8,838)	(55)	9,896,402	26.20	158,562
		1,093		167,455		-	(9,943)	(43)			158,562
		34,982,527		9,317,077		(9,653,746)	4,409,992	2,635,102			41,690,952
Investment accounted for using the equity method											
Linfiny Corporation	1,680,000	1,206	-	-	-	-	(2,462)	(17)	1,680,000	4.00	(1,273)
Prime View Communications Ltd. (Note 4)	3,570,000	(33,896)	-	-	-	-	(30,167)	(4,863)	3,570,000	100.00	(68,926)
		(32,690)		-		-	(32,629)	(4,880)			(70,199)
		$ 34,949,837		$ 9,317,077		($ 9,653,746)	$ 4,377,363	$ 2,630,222			$ 41,620,753

Note 1: To improve the Company's strategic development and for long-term operating strategic purposes, the Company's board of directors approved an adjustment to the organizational structure in November 2021. New Field e-Paper Co., Ltd. returned the shares of E Ink Corporation originally acquired from Tech Smart Logistics Ltd., to the Company by sale of the shares and reduction of capital. The Company participated in the capital increase of PVI Global B.V. with US$329,123 thousand (NT$9,149,622 thousand) by using the shares of E Ink Corporation originally acquired from Tech Smart Logistics Ltd. and New Field e-Paper Co., Ltd.

Note 2: In order to strengthen the layout and development of the e-paper ecosystem, the Company participated in the private placement for $148,743 thousand ordinary shares of Integrated Solutions Technology, Inc. in November 2022, and recognized $18,712 thousand as bargain purchase gain (included in other income).

Note 3: In addition to the cash dividends issued by YuanHan Materials Inc., and the liquidation of Tech Smart Logistics Ltd. (liquidation resolved in June 2022, and the liquidation procedures were completed in September 2022) and New Field e-Paper Co., Ltd.'s reduction of capital to offset the accumulated deficit, the rest is the impact of the Company's organizational structure for the Group's strategic development and long-term operating strategic purposes, refer to Note 1.

Note 4: Linfiny Corporation and Prime View Communication Ltd. are currently experiencing operating losses, which has resulted in the credit balance.

Note 5: Except for the financial statements of some associates that are not audited, the others were based on the audited financial statements of subsidiaries and associates for the corresponding year.

Note 6: Including recognition of adjustments that have not been recognized based on exchange differences on translating the financial statements of foreign operations, remeasurement of defined plans, and unrealized gain (loss) on financial assets at FVTOCI, etc.

STATEMENT 6

E INK HOLDINGS INC.

STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Land	Other Equipment	Total
Cost			
Balance at January 1, 2022	$ 869,499	$ 6,570	$ 876,069
Additions	255,271	-	255,271
Disposals	(152,975)	-	(152,975)
Balance at December 31, 2022	$ 971,795	$ 6,570	$ 978,365
Accumulated depreciation			
Balance at January 1, 2022	$ 76,384	$ 1,920	$ 78,304
Depreciation expenses	34,903	2,500	37,403
Disposals	(20,728)	-	(20,728)
Balance at December 31, 2022	$ 90,559	$ 4,420	$ 94,979
Carrying amounts at December 31, 2022	$ 881,236	$ 2,150	$ 883,386

E INK HOLDINGS INC.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Type of Loan and Creditor	Contract Period	Interest Rate (%)	Amount	Loan Commitments
Short-term unsecured borrowings				
Yuanta Commercial Bank	2022.11-2023.02	1.55-1.60	$ 200,000	$ 200,000
Taishin International Bank	2022.12-2023.01	1.77	200,000	800,000
Citibank Taiwan Ltd.	2022.12-2023.01	1.45-1.58	830,000	859,880
DBS Bank Ltd.	2022.11-2023.01	1.80	200,000	400,000
			1,430,000	2,259,880
Short-term secured borrowings (Note)				
Citibank Taiwan Ltd.	2022.01-2023.01	0.82	370,000	1,013,430
			$ 1,800,000	$ 3,273,310

Note: Secured borrowings endorsed and guaranteed by the subsidiaries Hydis Technologies Co., Ltd. for the Company.

E INK HOLDINGS INC.

STATEMENT OF SHORT-TERM BILLS PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

			Amount of Commercial Principal			
Guarantee Agency	Issuance Period	Discount Rate (%)	Amount of Issuance	Unamortized Discounts in Short-term Bills Payable	Carrying Amount	Mortgage or Guarantee
China Bills Finance Corporation	2022.12.08-2023.01.05	1.32	$ 200,000	$ 29	$ 199,971	-
Taiwan Finance Corporation	2022.12.08-2023.01.05	1.42	100,000	16	99,984	-
Dah Chung Bills Finance Corp.	2022.12.29-2023.02.24	1.63	50,000	120	49,880	-
			$ 350,000	$ 165	$ 349,835	

E INK HOLDINGS INC.

STATEMENT OF NOTES AND ACCOUNTS PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor A	$ 186,292
Vendor B	175,781
Vendor C	83,876
Vendor D	69,331
Others (Note)	776,589
	$ 1,291,869

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

E INK HOLDINGS INC.

STATEMENT OF LONG-TERM LOANS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Creditor	Contract Period	Repayment Method	Interest Rate (%)	Borrowing Amount Current	Borrowing Amount Non-current	Borrowing Amount Total	Guarantee and Pledge
Syndicated loans							
Mega Bank	2022.10-2023.01 (Note)	Principal repayable on maturity, interest payable on a monthly basis	1.80	$ -	$ 4,150,000	$ 4,150,000	-
Less: Arrangement fees of syndicated bank loans				-	(8,772)	(8,772)	-
				-	4,141,228	4,141,228	
Credit loans							
CTBC Bank	2021.08-2025.08	Principal repayable on maturity, interest payable on a monthly basis	1.325	-	200,000	200,000	-
Taishin Bank	2021.12-2026.12	Principal repayable on maturity, interest payable on a monthly basis	1.275	-	100,000	100,000	-
Mega Bank	2020.12-2025.12	Principal repayable on maturity, interest payable on a monthly basis	1.275	-	460,000	460,000	-
KGI Bank	2020.08-2025.05	Principal repayable on maturity, interest payable on a monthly basis	1.175	-	100,000	100,000	-
Yuanta Savings Bank	2022.12-2023.12	Principal repayable on maturity, interest payable on a monthly basis	1.69	150,000	-	150,000	-
				150,000	860,000	1,010,000	
				$ 150,000	$ 5,001,228	$ 5,151,228	

Note: The amount of the syndicated loans contract will be used cyclically during the period.

E INK HOLDINGS INC.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Lease Term	Discount Rate (%)	Amount
Land	2012.11-2042.08	0.56-4.92	$ 901,909
Other equipment	2021.04-2024.04	0.60-0.61	2,160
			904,069
Less: Current portion			(32,676)
Non-current portion			$ 871,393

E INK HOLDINGS INC.

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Shipping Units (In Thousands)	Amount
Revenue from sale of goods		
Consumer electronics	20,784	$ 17,059,660
Internet of Things applications	5,616	7,004,377
Others	691	1,043,716
		25,107,753
Other operating revenue		72,009
Less: Sales returns and discounts		(1,877,423)
Operating revenue, net		$ 23,302,339

E INK HOLDINGS INC.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials balance, beginning of year	$ 2,439,520
Add: Raw materials purchased	12,173,730
Less: Sales of raw materials	(688,757)
Transferred to other accounts	(631,554)
Raw materials, end of year	(1,572,732)
Usage of direct raw materials	11,720,207
Direct labor	179,462
Manufacturing expenses	2,385,920
Manufacturing cost	14,285,589
Add: Work in progress and semi-finished goods balance, beginning of year	628,614
Semi-finished goods purchased	3,215
Less: Sales of semi-finished goods	(2,166,063)
Transferred to other accounts	(23,578)
Work in progress and semi-finished goods balance, end of year	(1,398,408)
Cost of finished goods	11,329,369
Add: Finished goods balance, beginning of year	1,126,273
Less: Transferred to other accounts	(109,137)
Finished goods balance, end of year	(1,295,369)
Cost of finished goods sold	11,051,136
Add: Cost of raw materials sold	688,757
Cost of semi-finished goods sold	2,166,063
Loss on idle capacity	558,995
Loss on scrapped inventories	315,853
Reversal of inventories	(137,101)
Total operating costs	$ 14,643,703

E INK HOLDINGS INC.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Employee benefits expense	$ 330,527	$ 646,211	$ 635,270	$ 1,612,008
Professional service fee	47,060	55,079	114,577	216,716
Material expense	13,326	23,342	265,861	302,529
Depreciation expense	1,343	58,810	101,754	161,907
Export fee	39,168	17,748	2,176	59,092
Others (Note)	32,986	254,268	102,785	390,039
	$ 464,410	$ 1,055,458	$ 1,222,423	$ 2,742,291

Note: All amounts do not exceed 5% of the account balance.

E INK HOLDINGS INC.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits expense						
Salaries	$ 593,576	$ 1,418,855	$ 2,012,431	$ 279,456	$ 1,059,930	$ 1,339,386
Labor and health insurance	42,455	69,824	112,279	22,786	64,680	87,466
Pension	16,948	41,674	58,622	10,473	41,423	51,896
Remuneration of directors	-	41,080	41,080	-	26,080	26,080
Others	34,381	40,575	74,956	18,412	38,371	56,783
	$ 687,360	$ 1,612,008	$ 2,299,368	$ 331,127	$ 1,230,484	$ 1,561,611
Depreciation	$ 218,685	$ 161,907	$ 380,592	$ 106,756	$ 148,622	$ 255,378
Amortization	$ 52	$ 53,845	$ 53,897	$ 4	$ 51,383	$ 51,387

Note 1: For the years ended December 31, 2022 and 2021, the Company had 1,289 and 977 employees on average, respectively, among which were 5 and 7 non-employee directors, respectively.

Note 2: a. For the years ended December 31, 2022 and 2021, the average employee benefits were $1,760 thousand and $1,580 thousand, respectively.

b. For the years ended December 31, 2022 and 2021, the average employee salaries were $1,569 thousand and $1,378 thousand, respectively.

c. The change in average employee salaries was adjusted by 13.86%.

Note 3: The Company did not have supervisors for the years ended December 31, 2022 and 2021. Therefore, there was no remuneration to supervisors.

Note 4: a. Directors

According to the Company's Articles of Association, the board of directors is authorized to negotiate their remuneration according to their degree of participation and contribution to the Company's operations, with reference to the remuneration standards of domestic and foreign peers. If the Company is profitable, remuneration for directors shall be paid in cash. The amount and ratio for the payment of remuneration shall be determined by the board of directors subject to the attendance of more than 2/3 of directors and the consent of more than half of the directors present, and reported to the shareholders' meeting.

b. Management personnel and employees

According to the Company's salary structure, the remuneration policies of management personnel and employees are composed of fixed remuneration (base salary, meal allowance, duty allowance) and floating remuneration (performance bonus, share compensation), etc. The Company pays the remuneration based on the authority and responsibility and the contribution to the Company. Apart from the overall operation performance and the future development of industry, the payment of remuneration is also subject to the personal performance and contribution. The salary adjustment of managers shall be reviewed by the salary and compensation committee every year and submitted to the board of directors for approval.

Where the Company made a profit in the fiscal year, refer to Note 19(d) for further regulations in the Articles of Incorporation.

In conclusion, the remuneration policies for directors, management personnel, and employees had considered the operation performance of the year and future risk, to achieve the balance between corporate sustainability and risk management.

E Ink Holdings Inc.

2022 Annual Report

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